The NATIONAL UNDERWRITER

THURSDAY, JUNE 6, 1957

THE NATIONAL UNDERWRITER, Published weekly by the National Underwriter Company, Office of Publication, 175 W. Jackson Blvd., Chicago, Ill., U. S. A. 61st year, No. 23, Thursday June 6, 1957. $7.50 per year (3 years, 20); Canada, $8.50 per year (3 years, $23); Foreign, $9 per year (3 years, $24.50). 30 cents per copy. Entered as second-class matter April 15, 1931 at the post office at Chicago, Ill., under Act of March 31, 1879.

The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

June 6, 1957
61st Year, No. 23

General Agents Hold Convention in Miami Beach

Elect Rogers, Quin, Udell and Marshall, Discuss Problems of GA System

By KENNETH O. FORCE

MIAMI BEACH—A good but not record crowd turned out for the annual convention of American Assn. of Managing General Agents here. More than twice as many women, however, attended than at any previous convention, which is evidence of one of the drawing powers of the attractive Fontainebleau.

The general agents met in an atmosphere of some concern because of the closing out of several general agencies in recent months by way of sale to companies. However, there was evident also a determination to strengthen the association and to promulgate more widely the story of the general agency system, and its particular and effective service to companies and agents.

Joseph A. Rogers of St. Paul was elected president; Langdon Quin Jr. of Atlanta and B. L. Udell of Phoenix, vice-presidents; Herbert Cobb Stebbins of Denver, secretary-treasurer (re-elected); A. W. Marshall of Newark chairman, and F. W. Brundick Jr. of Jacksonville, retiring president, Carl N. Homer of San Francisco and Barney Vanston of Dallas, members of the executive committee.

The 1958 convention will be held at the Broadmoor, Colorado Springs.

The program was an interesting one. Among the features were the paper by William Leslie, general manager of National Bureau of Casualty Underwriters, on the improvements that have been made and are being made in

(CONTINUED ON PAGE 16)

Highlights of the Week's News

Subrogation, Other Practices Damned by Insurance Buyer

The penchant of insurance companies to take subrogation, complex policy language, outmoded rating methods and inflexibility of policy contracts are among the insurance buyer's pet peeves, according to A. F. Benjamin, insurance and property manager of Cincinnati Gas & Electric Co. Mr. Benjamin, who is known in Cincinnati and nationally as a leader among insurance buyers and whose good will towards the insurance business is also well known, let down his hair in a talk before Assn. of Casualty Surety Managers of Cincinnati.

The insurance business has in it some of the best legal brains, Mr. Benjamin said. Why can't policies be simplified as much as possible? He pointed out how it is difficult to get away from a negative, confused impression when the simple face of the policy is amended, limited, endorsed and excluded in the pages which follow.

Subrogation is ok where there is gross negligence involved, he said, but too free use of it is frequently detrimental to the interests of the insured. It creates a customer relations problem. In Mr. Benjamin's opinion, the buyer pays a premium for protection and the company ought to pay a loss without making him an unwitting tool in helping to recover from others, except in extreme cases of negligence.

A related source of annoyance to the buyer, he said, is the fact that subrogation proceeds are not reflected in the insured's loss experience.

Mr. Benjamin also criticized agents and companies for insisting upon trying to force the needs of the insured into the framework of a policy rather than attempting to tailor the policy to the insured's needs. Continuation certificates are to be recommended, he said, over issuance of new policies at each renewal. Similarly, he hopes the package policy trend will extend itself into the field of modern industry soon. A real problem for buyers is the large number of policies of which they must keep track.

There is nothing wrong with paying underwriting losses from investment income, Mr. Benjamin said. This gives insured a share of the investment yield from his own money. Insurance, he remarked, is the only business which charges the customer ahead of time for a service which he may or may not need.

Of the public relations policy of the insurance business as a whole, Mr. Benjamin was very critical. The business, by and large, pays less attention to the desires, needs and wants of its customers than any other. Forms are changed with no attempt at asking insured about the changes. The same is true of legislation sponsored by the insurance business.

Utilities have a special problem in getting adequate liability cover, he said. The market was severely restricted following the Brighton, N. Y., explosion of 1951 and it is still necessary to buy coverage in pieces. To date, the insurance business has refused the requests of utilities interests that a special pool be set up to provide coverage.

American Mutual Insurance Alliance Elects Burhop, Otto

William H. Burhop, Employers Mutual Liability, was elected president, and Walter E. Otto, Michigan Mutual Liability, vice-president of American Mutual Insurance Alliance at the annual meeting last week in Chicago. Other organizations, affiliated with the alliance, elected the following officers:

Walter E. Otto

Federation of Mutual Fire Insurance Companies: O. E. Ringquist, Liberty Mutual Fire, president, and L. D. Brill, Northwestern Mutual, vice-president.

National Assn. of Automotive Mutual Insurance Companies: C. E. Hodges, American Mutual Liability, president, and C. N. Jacobs, Hardware Mutuals, vice-president.

National Assn. of Mutual Casualty Companies: A. F. Allen, Texas Employers, president, and H. G. Kemper, Lumbermens Mutual Casualty, vice-president.

Appointed officers of all four associations were: Mr. Kemper treasurer, N. R. Johnson general manager, H. F. Swanson secretary, and J. S. Hamilton Jr. general counsel.

Discussing atomic energy insurance problems at American Mutual Insurance Alliance's annual meeting in Chicago last week are (left to right): Joseph C. Gibson, American Mutual Re: U. S. Sen. Clinton P. Anderson of New Mexico, who reviewed atomic indemnity legislation in a speech at the meeting, and William H. Burhop, Employers Mutual Liability, new president of the alliance.

Speakers at the meetings included Commissioner Robert B. Taylor of Oregon, president of National Assn. of Insurance Commissioners, whose talk is reported at length elsewhere in this issue; U. S. Sen. Clinton P. Anderson of New Mexico, who discussed atomic

(CONTINUED ON PAGE 25)

Unusual problem of over-insurance adds substantially to Kansas City tornado loss. See page 15.

Tells How National Bureau Keeps Rates Up to Claim Costs

Leslie Describes Rating Improvements, Including Study of Accident-Year Use

Responding to criticisms of rate making and rate making organizations, William Leslie, general manager of National Bureau of Casualty Underwriters, vigorously defended that rating bureau and went on to describe in detail what it has been doing to keep rate making up to the realities of insurance costs. This was in a talk prepared for American Assn. of Managing General Agents at its convention in Miami Beach, which was read by W. E. Stansbury, casualty vice-president of Hanover.

William Leslie

• • •

Reports of company presidents to stockholders, as well as others commenting on 1956 underwriting results, emphasize the inflationary aspect of the economy and the effect which that has upon insurance transactions, Mr. Leslie observed. Presidential reports generally have indicated a need for rate increases and have referred to steps taken in that direction.

Others, however, have been more pointed in their remarks and have been critical of rate making organizations—saying in effect that they have not kept abreast of the times but are still relying too extensively upon the indications of past experience without proper adjustment of such experience to reflect the effect of inflation upon current cost. It is these critics that Mr. Leslie sought to set straight.

In a few instances, Mr. Leslie said, it has even been suggested that the companies are captives of rate making organizations and that reforms in rate making procedures can be brought about only when company management reasserts its authority over these organizations.

This criticism is, of course, absurd, Mr. Leslie declared. He pointed out that National Bureau operates under the direction of committees composed of company representatives. Actions of the rating committee of the various divisions are subject to review by the executive committee, which is composed of 15 company members. Companies themselves make the decisions at the ground level, where the rating committees reach conclusions, and at the policy level, where the executive committee may agree or disagree with rating committee actions. Also, any decision of the executive committee is subject to review by the bureau as a whole.

With respect to keeping insurance

(CONTINUED ON PAGE 32)

NAIC President Charges Insurance Business 'Led Down the Path to Underwriting Losses'

Commissioner Robert B. Taylor of Oregon, president of National Assn. of Insurance Commissioners, let off steam in his address before the annual meeting of American Mutual Insurance Alliance in Chicago last week. He said the insurance business has been "led down the path to reduced underwriting profits to underwriting losses," but expressed some doubt as to whether even at this point the companies have been convinced that they have been on the wrong trail.

Robert B. Taylor

Among the practices coming in for criticism by Mr. Taylor were emphasis on the use of judgment in marking rates, lip service to the need for adequate rates while filing broadened coverages at reduced rates, the introduction of new forms and coverages before the ones introduced shortly before have had time to ripen, and the insistence on volume as the answer to all problems.

Mr. Taylor has been a consistent foe of too rapid entry into multiple line underwriting, and at the last meeting of NAIC brought up some questions on rating multiple line and indivisible premium business. In his talk to the alliance, he said he recently heard the president of one of the large underwriting losers speak at length of the plight of the insurance business and how adequate rates must be forthcoming. A week before this president spoke in this way, Mr. Taylor said, his company presented to the Oregon department a filing which would have broadened coverage at reduced rates on a class of business that already had a questionable profit factor. "It was just as though they had found one class of business on which they could possibly produce a profit and set about to remedy the situation. His people a week later appeared before one of our legislative committees and stated that if indivisible rating would be permitted in Oregon, the people of our state would be given an 80% reduction in their insurance costs. Can such people react to help or leadership when they are still adding fuel to the fire which is consuming them?"

• • •

The insurance business has been in a national rate war for some six years, a type of rate war that is not anticipated by state statutes and could not be stopped by the commissioners, Mr. Taylor declared. Criticism that there has been a lack of leadership is not true, he said. The lack has been of proper leadership. The blame does not rest with the commissioners, he added, stating that to have leadership to avoid trouble calls for followers who recognize and are fearful of trouble and are willing to be led away from it. In recent years, the only leadership that could have withstood the test would have been a dictator who might or might not have avoided the present mess, Mr. Taylor opined.

"That there has been leadership is evident, as you are all in the same boat and you would not have come aboard if you had not followed someone's lead. You have been led down the path to reduced underwriting profits to underwriting losses. You may have questioned the judgment and motives of your leaders, but nevertheless you followed where they led. Frankly, I do not believe you are ready to be led out of your self-made wilderness. You indicate that you would like some help, but I doubt that you are yet properly conditioned to the point that you would be susceptible to the help which you seek."

• • •

The past six years have seen a national rate war of a type which was not anticipated by the all-industry bills, Mr Taylor told the alliance. The creating of new forms of insurance and new rating procedures permitted the use of judgment factors "and these judgment factors were used to the nth degree."

"The drafters of the all-industry bills and those who worked so long and hard for their passage are to be commended," Mr. Taylor observed, "and they should not lose heart because these laws are now being interpreted by a new group of men who derive new meaning from the words. The all-industry bills have stood up remarkably well, considering the attacks which have been made upon them from every conceivable angle. Laws which reflect some degree of rigidity upon the industry as forceful and independent as the insurance business are bound to have changing interpretations over the years. . . It may be true that the insurance commissioners have permitted the breaking down of the intent of the drafters of the all-industry bills, but what breakdown there has been has been the result of infiltration rather than a frontal attack on the principles of the laws. It has been as the result of a battle of wits between small groups of state employes against the astute and fertile minds of several hundred insurance companies. . . The all-industry bills were drafted with the intent of having rigidity tempered with a degree of flexibility. Now the flexible portion which is the judgment factor has been used or abused and has been flexed so often that it has broken off and left a hole through which pass innumerable things. I am sure that we need a new strong spring which will make it more difficult to open the trap door through which so many filings are currently being made, and that new spring will have to be in the form of more resistance to the pressure of the companies for approval of their filings or a revision of our laws to more clearly set forth the requirements of supporting data."

• • •

Commenting on the uselessness of uniform laws without uniform interpretations, Mr. Taylor said attorneys-general have given opposing opinions from state to state, and, "the companies have approached the states individually on a state-by-state basis in making their filings, and by the time they reach a given point they have the approval of 20 or 25 states; they use this as their argument in the more rigid states, and insist upon approval as a step toward uniformity. Because of the lack of channels of communication between the various commissioners, the companies have been able to avoid concerted resistance from the insurance departments."

In Oregon, Mr. Taylor said, he op-

(CONTINUED ON PAGE 31)

Urge Exemption of Stock Insurers from SEC Registration

It is neither necessary nor desirable to require insurance companies to register with Securities & Exchange Commission and to make detailed financial reports to the commission, American Life Convention and Life Insurance Assn. of America said in a statement submitted to the securities subcommittee of Senate banking and currency committee at Washington.

SEC regulation of insurance company security operations is unnecessary because their financial operations already are regulated closely by the states, Health Insurance Assn. of America said in a statement also submitted to the subcommittee.

• • •

Assn. of Casualty & Surety Companies, represented by Ray Murphy, general counsel, put in a statement at the Senate committee hearing on the proposed SEC bill. This was substantially in accord with the opposition to inclusion of insurers in the SEC law expressed by other insurer groups and had the concurrence of both life and fire insurer organizations.

The subcommittee is considering proposed legislation to require certain issuers of unlisted securities to comply with the financial reporting, proxy solicitation and insider trading provisions of the securities exchange act of 1934. In its present form, the proposed bill does not contain an exemption for stock life, fire and casualty insurance companies. ALC, LIA and HIAA asked that the bill be amended to include such an exemption.

Complete and detailed supervision of insurers now is provided by the states, ALC and LIA said. The states have built up a comprehensive regulatory system for the insurance business over the years. The reports which the legislation would require would substantially duplicate information already on file in the state insurance departments. The reports made by the insurance companies are adequate, complete and are prepared on standard blanks approved by National Assn. of Insurance Commissioners. Also, each company usually is examined at least once every three years by state examiners and more frequently if closer vigilance seems desirable. The examination reports and the companies' annual reports are public documents on file in all states where they are licensed.

• • •

Regarding the proposed SEC regulation of proxy solicitations, ALC and LIA pointed out that the insurance business is so completely regulated by the states that there is little opportunity for a company's management to take any action that would be detrimental to stockholders. Many state laws aimed at protecting policyholders also protect the interest of stockholders, leaving no need for federal regulation of proxies or insider trading. There is so much information provided by the departments and the companies themselves that there is no need for employing complicated proxy rules like those required by SEC under the 1934 act. As for insider trading, the long-term contracts and investments made by insurance companies reduce to a minimum the likelihood of predictable sharp increases or declines in revenue. In view of the nonspeculative character

(CONTINUED ON PAGE 31)

ÆTNA CASUALTY
AND SURETY COMPANY

AGENCY BUILDING IS OUR BUSINESS

Affiliated with
Ætna Life Insurance Company
Standard Fire Insurance Company
Hartford, Conn.

ALL FORMS OF CASUALTY, BONDING, FIRE AND MARINE PROTECTION

Card Ready for International A&H Rally at St. Paul

ST. PAUL—Five state associations will hold meetings before the annual convention of International Assn. of A&H Underwriters gets under way here June 13-15. The complete program for the international convention was announced this week by J. Peter Devine, Occidental Life, general chairman.

The international council will meet Thursday morning, June 13, to hear committee reports and elect new officers. The afternoon will be given over to a bus tour of the Twin Cities.

On Friday there will be breakfast for leading producers. Speeches at the general session will be delivered by Raymond C. Swanson, agency vice-president of Monarch Life, and Stanley Peterson of Business Men's Assurance. Workshops for association secretaries and presidents will comprise the afternoon program. The final day will begin with a breakfast for past presidents, followed by a general session at which speakers will be Charles N. Walker, assistant vice-president and A&H manager of Lincoln National Life; Dale Potts, executive vice-president of Wisconsin Casualty Assn., and William Froelich, Milwaukee manager of Occidental Life. Edwin J. Faulkner, president of Woodman Accident & Life, also will talk.

Compulsory, Near Passage in N. C., Gets 11th Hour Side Track

A legislative maneuver mouse-trapped the North Carolina compulsory auto bill just as it appeared assured of enactment, and it was side tracked to the senate appropriations committee, which puts its fate in doubt.

The bill had passed the house and passed second reading in the senate by a 29-17 vote. On third reading, however, opponents succeeded by a 23-22 vote in inserting an amendment requiring an appropriation for administrative purposes of $125,000 a year. The chair immediately ruled, as proponents had pointed out during debate, that the bill had to go to the appropriations committee.

Of the 26 members of the appropriations committee, 13 were recorded as favoring the bill on the second reading roll call vote, 10 opposed it and three didn't vote. Proponents claim they have enough votes to get it back out of committee, but the legislative session now is so near closing—it is expected June 8 or shortly thereafter—that there is considerable doubt.

Sen. Eagles, chairman of the appropriations committee, opposes the bill but has promised that his committee will meet and consider it.

La. House Asks Study of Rates and Department

A resolution has been adopted by the Louisiana house, 69 to 16, which calls for investigation of insurance and insurance rates, "including the work, organization and procedures of the insurance department." The senate will have to okay the resolution before it is effective.

The move was sponsored by Reps. Vetter and McLain. Rep. McLain has protested the new rating schedules, to which the resolution makes specific ference.

The investigation would be conducted by three senators and three representatives, and would submit findings and recommendations to the next legislature.

South American Insurance Leader Feted at Chicago

A reception and dinner at the Union League Club of Chicago in honor of Alejandro Uribe, president of Compana Suramericana de Seguros of Medellin, Columbia, this week was made specially noteworthy by Mr. Uribe's description of his experiences during the revolution in his country last month. About 25 business and insurance men were guests of Continental Casualty and Levering Cartwright to meet the South American insurance executive. Mr. Cartwright, the well known insurance journalist of Chicago, and J. M. Smith, president of Continental Casualty, met Mr. Uribe at the Hemispheric Insurance Conferance last year in Rio de Janeiro and struck up a friendship with him.

Mr. Uribe had intended to visit the United States several weeks earlier to attend the international insurance conference at Philadelphia but the revolution cancelled those plans. Mr. Cartwright, who introduced Mr. Uribe, remarked that it was coincidental that when the Hemispheric Conference was in progress at Rio there was a revolution in Brazil which he had an opportunity to see at first hand, and now Mr. Uribe had just witnessed one in his own country.

Mr. Uribe is president of Suramericana and its wholly owned life company. He is an engineering graduate and for a time worked for Allis-Chalmers at Milwaukee. He returned to Columbia as an Allis-Chalmers employe, but was invited by a group of business men there to take over their insurance companies. Mr. Uribe brought with him the 1956 statements of the companies and they indicate that 1956 was an excellent year and should not be compared with the results in the United States.

Before Mr. Uribe described his experiences in the Columbian revolution, Mr. Cartwright explained that the overturn of the government was what might be termed a business men's revolution. Mr. Uribe was one of the business leaders who was fed up with the extravagances of the Rojas dictatorship, and it was primarily through the leadership of the business executives that the resignation of Rojas was brought about.

After relating his experiences during the revolution, Mr. Uribe said he is hopeful of the future of his country. He mentioned that there is a high quality of personnel in the government, with business men taking offices they formerly would have scorned.

Allan L. Pither of Continental Casualty; Alejandro Uribe of Compana Suramericana do Seguros of Medellin, Columbia; Levering Cartwright, and Alfred MacArthur, chairman of Central Standard Life, at the reception for Mr. Uribe at Chicago this week.

Glendening Stresses Need of Adequate Rates at EUA Parley

Eastern Underwriters Assn. heard President John Glendening, Home, discuss rating laws and rate making at the midyear meeting in Atlantic City. There was an attendance of approximately 100.

John Glendening

"The year 1956 has been referred to as a 3-D year—discouraging, dismaying and disastrous, and unless we do something about it, we can expect more of the same," Mr. Glendening said. He intimated that to "do something about it," will consist of stricter interpretation of rating laws.

"For instance, the law which prescribes that 'due consideration' shall be given the 'past loss experience' also gives equal prominence to 'prospective loss experience within and outside the state.'

"We have been lax in not stressing this factor for consideration and hence, insurance authorities have placed too much dependence on the experience of the past," he said. "The five year experience figures of a period beginning over six years ago surely do not reflect present day or future costs, and no mathematical formula exists which when applied to past statistics can correctly predict prospective experience. Such calculations," he stated, "should not be the means toward an end, but rather the means toward a beginning in the rate making process.

"There are, however," he continued, "many elements which can be intelligently used in estimating our 'prospective loss experience' if we will only give them the 'consideration' they deserve and which the law dictates."

Mr. Glendening said that insurance companies have found themselves "geared to an inadequate rate structure" due to their inability to resist the upward price spiral given impetus by three years of wage boosts and boom conditions. "Even the growing popularity of sales taxes has added its bite on our premium dollar in many quarters, and while this may seem like a small item, it is serious to a business already operating in the red," he said.

The insurance authorities have been remiss in considering prospective experience, he averred. It is their twofold duty to see that rates are not inadequate as well as not excessive. Losses are outstripping premiums; look at 1956 underwriting results. As this year indicates no signs of improvement, prompt corrective action is absolutely essential if the business is to remain healthy, he declared.

At a meeting of the executive committee held prior to the general conference, Manager F. W. Doremus reported on the association's current project of establishing a cooperative public relations program between local boards and field clubs.

Organizational work has been completed in New York, Connecticut and Massachusetts, he said; 73 local boards in these states have appointed public relations committees, and 113 field men have been named as cooperators in developing public relations at the local level.

Agents' associations in Pennsylvania, New Jersey, Maryland and Rhode Island are in the process of organizing, and local boards are now naming public relations committee chairmen and creating necessary committees, he added.

. . .

L. M. Michel, vice-president of Fire Association, in his report as chairman of the rating methods research committee reviewed the necessary introduction of a trend factor in the determination of rating levels and the need of realistic treatment in view of the continuing unsatisfactory experience in fire underwriting.

Rockford to Be Branch Office of American

American group will maintain a branch in Rockford, Ill., under the direction of Vice-president M. G. Woodward, who is currently in charge at Des Moines.

Named to staff at Rockford are Kenneth L. Hingst, administrative assistant; James H. Rupp, production manager; Robert W. Milligan, fire and marine manager; Fred C. Erbele, casualty manager, and Charles S. Adams, claims manager.

The branch will provide complete fire, marine and casualty service facilities to producers in the northern half of the state, including the Decatur area. Cook county and the eight adjoining or nearby counties will continue to be under the jurisdiction of Chicago.

Mr. Woodward has been with American 21 years. He entered insurance with Maryland Casualty at Kansas City in 1931, went to American Automobile there as an underwriter in 1936, and in 1943 was advanced to supervisor of automobile underwriting. He transferred to Washington and was promoted to group service office supervisor in 1945. Appointed assistant branch manager at Philadelphia in 1954, he was elected a vice-president and put in charge at Des Moines the following year.

American also has effected a change at Milwaukee. John E. Cadwallader has been appointed manager there, and has transferred from Pittsburgh, where he was named assistant branch manager earlier this year. Formerly bond manager and administrative assistant, he joined American Automobile in 1953 after serving as Indianapolis branch manager of Travelers and St. Louis branch manager of Massachusetts Bonding.

Mich. Insurance Code Amendment Bill Signed

LANSING—An omnibus amendatory bill, making "technical corrections" in last year's recodification of Michigan insurance laws, was signed by Gov. Williams just before adjournment of the regular legislative session late last week.

The new law becomes effective early next fall. Drafted by an "all-industry committee" with assistance and approval of the Michigan department, it was introduced by the entire membership of the senate insurance committee and had no difficulty in traversing that chamber. The house insurance committee also approved the bill but a few legislators attempting belatedly to block it on the floor gave up the effort after having aired some criticisms to the effect it was a "company bill" not designed primarily in the interest of the public.

The new law is described by the advisory committee as "the initial undertaking under the second step of the over-all program to make necessary and important corrections in the insurance code" embodying "deletions, clarifications and corrections . . . to make the 1956 code workable."

Sinnott Is President of New York State Brokers

Edmund T. Sinnott, executive vice-president of C. R. Black Jr. Corp., has been elected president of Insurance Brokers Assn. of the State of New York. He succeeds Walter J. Hill. Thomas W. Sweeney and Ralph L. Lucas were elected vice-presidents. Thomas R. Duthie was named secretary, and S. Stanley Gray was re-elected treasurer.

N. H. Governor Backs Compulsory UM Plan

Gov. Dwinell of New Hampshire will make good his threat to take action on the problem of the uninsured motorist in his state if insurers failed to unite behind a plan of their own to combat the problem. The governor has revealed his administration will back a plan advocated by New Hampshire Assn. of Insurance Agents which, if adopted, will make the uninsured motorist endorsement—now available on a voluntary basis—a compulsory provision of all future auto liability policies sold in New Hampshire.

The plan would also put stronger teeth in the financial responsibility law.

It is expected that the plan favored by the governor will be opposed by American Mutual Alliance and Assn. of Casualty & Surety Companies, both of which have their own uninsured motorist plans.

N. C. Court Convicts Unlicensed Agent

A North Carolina county court recently found a retired army colonel guilty of selling insurance without a license for a company not authorized to write in the state.

Edwin D. Bonner was fined $800 and costs for selling coverage in Jefferson of Pine Bluff, Ark., to military personnel at Fort Bragg, N.C. North Carolina law permits unlicensed companies to do business on military reservations, but witnesses testified Mr. Bonner concluded transactions off the army post. He is appealing.

Excess Underwriters Moves

Excess Underwriters Inc. has moved its home office to more commodius, modern air-conditioned offices in A-1747 Insurance Exchange building, Chicago. The firm operates nationwide providing both domestic and foreign markets for fire, casualty and surety reinsurance. Howard E. Mankin, executive vice-president who has headed the firm since it moved its home office to Chicago from New York in 1944, sailed aboard the *United States* June 1 for London, where he will confer with Lloyd's Underwriters. He will return about June 12.

Robert E. Gucker, underwriter for the C. G. Blakely general agency of Topeka for eight years, has opened his own agency there representing the Blakely general agency companies. E. W. Carter, with Preferred Fire of Topeka for 13 years, and with the Taylor general agency of Topeka for three years, is joining Blakely & Co. to replace Mr. Gucker.

LOYALTY GROUP

FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

DECEMBER 31, 1956

ASSETS		LIABILITIES	
Cash	$ 5,518,043.87	Reserve for Losses	$ 37,769,677.75
Mortgage Loans on Real Estate	919,345.67	Reserve for Loss Expenses	3,846,000.00
*Bonds and Stocks	175,209,752.30	Reserve for Unearned Premiums	55,576,597.70
Interest due and accrued	436,618.85	Reserve for Taxes and Expenses	1,954,250.00
Agents and Departmental Balances	3,946,903.97	Funds held under Reinsurance Treaties	7,537,594.98
Real Estate	2,958,000.00	All other Liabilities	324,094.62
Equity in Marine and Foreign Insurance Pools	10,942,414.98	**Capital**	**15,000,000.00**
All other Assets	2,065,416.71	**Net Surplus**	**79,988,281.30**
Total admitted Assets	**$201,996,496.35**	**Total**	**$201,996,496.35**

SURPLUS TO POLICYHOLDERS $94,988,281.30

Securities carried at $4,090,259.60 in the above statement are deposited as required by law.

NATIONAL-BEN FRANKLIN INSURANCE COMPANY OF PITTSBURGH, PA.

DECEMBER 31, 1956

ASSETS		LIABILITIES	
Cash	$ 862,064.60	Reserve for Losses	$ 3,776,967.77
*Bonds and Stocks	15,343,603.47	Reserve for Loss Expenses	384,600.00
Interest due and accrued	58,424.58	Reserve for Unearned Premiums	5,521,842.39
Agents and Departmental Balances	1,625,547.09	Reserve for Taxes and Expenses	196,365.00
Real Estate	62,000.00	All other Liabilities	103,005.98
All other Assets	126,651.86	**Capital**	**2,000,000.00**
		Net Surplus	**6,095,510.46**
Total admitted Assets	**$18,078,291.60**	**Total**	**$18,078,291.60**

SURPLUS TO POLICYHOLDERS $8,095,510.46

Securities carried at $2,086,802.60 in the above statement are deposited as required by law.

MILWAUKEE INSURANCE COMPANY OF MILWAUKEE, WIS.

DECEMBER 31, 1956

ASSETS		LIABILITIES	
Cash	$ 898,584.08	Reserve for Losses	$11,330,903.31
Mortgage Loans on Real Estate	314,698.21	Reserve for Loss Expenses	1,153,800.00
*Bonds and Stocks	44,759,683.28	Reserve for Unearned Premiums	16,565,527.17
Interest due and accrued	158,274.88	Reserve for Taxes and Expenses	516,595.00
Agents and Departmental Balances	2,863,446.61	All other Liabilities	151,809.57
All other Assets	316,395.11	**Capital**	**3,000,000.00**
		Net Surplus	**16,592,447.12**
Total admitted Assets	**$49,311,082.17**	**Total**	**$49,311,082.17**

SURPLUS TO POLICYHOLDERS $19,592,447.12

Securities carried at $2,958,841.60 in the above statement are deposited as required by law.

THE METROPOLITAN CASUALTY INSURANCE COMPANY OF NEW YORK

DECEMBER 31, 1956

ASSETS		LIABILITIES	
Cash	$ 1,530,271.76	Reserve for Losses	$ 11,330,903.31
Mortgage Loans on Real Estate	9,000.00	Reserve for Loss Expenses	1,153,800.00
*Bonds and Stocks	38,767,115.71	Reserve for Unearned Premiums	16,565,527.17
Interest due and accrued	145,923.17	Reserve for Taxes and Expenses	615,695.00
Agents and Departmental Balances	3,758,150.11	All other Liabilities	231,148.39
Equity in Marine and Foreign Insurance Pools	202,834.42	**Capital**	**3,000,000.00**
All other Assets	214,037.08	**Net Surplus**	**11,730,258.38**
Total admitted Assets	**$44,627,332.25**	**Total**	**$44,627,332.25**

SURPLUS TO POLICYHOLDERS $14,730,258.38

Securities carried at $4,346,473.47 in the above statement are deposited as required by law.

COMMERCIAL INSURANCE COMPANY OF NEWARK, N. J.

DECEMBER 31, 1956

ASSETS		LIABILITIES	
Cash	$ 934,735.84	Reserve for Losses	$ 11,330,903.31
Mortgage Loans on Real Estate	414,862.64	Reserve for Loss Expenses	1,153,800.00
*Bonds and Stocks	40,300,943.62	Reserve for Unearned Premiums	16,565,527.17
Interest due and accrued	156,166.83	Reserve for Taxes and Expenses	607,495.00
Agents and Departmental Balances	4,249,919.58	All other Liabilities	121,598.79
Equity in Marine and Foreign Insurance Pools	217,110.96	**Capital**	**3,000,000.00**
All other Assets	130,673.39	**Net Surplus**	**13,625,088.59**
Total admitted Assets	**$46,404,412.86**	**Total**	**$46,404,412.86**

SURPLUS TO POLICYHOLDERS $16,625,088.59

Securities carried at $1,696,848.40 in the above statement are deposited as required by law.

ROYAL GENERAL INSURANCE COMPANY OF CANADA

DECEMBER 31, 1956

ASSETS		LIABILITIES	
Cash	$ 42,794.64	Reserve for Taxes and Expenses	$ 2,780.94
Bonds and Stocks	404,158.65	**Capital**	**100,000.00**
Interest Due and Accrued	2,945.21	**Net Surplus**	**377,959.09**
Agents and Departmental Balances	11,541.53		
All other Assets	19,300.00		
Total admitted Assets	**$480,740.03**	**Total**	**$480,740.03**

SURPLUS TO POLICYHOLDERS $477,959.09

Securities carried at $55,636.41 in the above statement are deposited as required by law.

***Valuations on basis prescribed by National Association of Insurance Commissioners**

Western Department
120 So. LaSalle St., Chicago 3, Illinois

Southwestern Department
912 Commerce St., Dallas 22, Texas

HOME OFFICE
10 PARK PLACE, NEWARK 1, NEW JERSEY

Foreign Department
102 Maiden Lane, New York 5, New York
206 Sansome St., San Francisco 4, Calif.

Pacific Department
220 Bush St., San Francisco 6, Calif.

Canadian Departments
800 Bay St., Toronto 2, Ontario
535 Homer St., Vancouver 3, B. C.

Famous D.C. Consortium Case Overruled; WC Now Exclusive Remedy

U. S. court of appeals for the District of Columbia, in Smither & Co. vs Coles, reversed a seven year holding on consortium claims and held that the workmen's compensation act bars any common law liability of the employer to the spouse of the injured workman. The case is cited as 242 Fed. (2nd) 220.

The Smither & Co. case amounts to a partial reversal—outright reversal on one point—of the widely publicized 1950 case of Hitaffer vs Argonne Co., 183 Fed. (2nd) 811, decided by the same court and with two of the same judges participating. U. S. Supreme Court refused to review the Hitaffer case. That case established for the first time in the District of Columbia that a married woman had an action for loss of her husband's consortium. It also held that the federal longshoremen's and harbor workers' compensation act, which applies to all employments in the District of Columbia, though supposedly an exclusive remedy, did not bar this suit, despite the fact that the injured employe had collected compensation and could not himself maintain a common law suit against his employer.

The facts in the Smither & Co. case were basically the same as in the Hitaffer case. Coles was injured in the course of his employment and collected compensation and Mrs. Coles brought a common law suit against the employer for loss of consortium and got a lower court judgment of $7,500. The full court of appeals, with nine judges sitting, reversed the case by six to three vote.

• • •

Judge Burger's majority opinion is careful not to disturb the holding of the Hitaffer case on common law liability for loss of consortium, but holds that the federal compensation act clearly provides that a compensation award removes all common liability from the employer and specifically refers to liability to the injured person's spouse, as well as liability to the employe directly. It criticizes Judge Clark's reasoning in the Hitaffer case, which had based liability on an analogy with a joint action by an injured employe and his employer against a third party. This Judge Burger called a contractual right and said it had no bearing on the outright prohibition in the compensation law of further liability of the employer.

Judge Fahy, who concurred in the Hitaffer case, wrote the dissenting opinion. Judge Miller concurred in both cases, with no explanation of his shift.

The Hitaffer case has been cited many times in arguments in other jurisdictions. Only last fall, in Acuff vs Schmit, 78 NW (2nd) 480, the Iowa supreme court cited it in upholding a consortium action. The Acuff case did not involve workmen's compensation.

Cooney's $41,000 Pension Suspended

The $41,000 pension which Loyalty group has been paying John R. Cooney, who resigned last year as president, has been suspended, pending outcome of certain negotiations between the company and Mr. Cooney. The group has filed suit for the recovery of $368,000 from Mr. Cooney, which it charges in the complaint that Mr. Cooney misappropriated while president.

Nationwide Omitted from '56 Ohio Rankings; Listings Corrected

In listing direct premiums and net losses incurred in all casualty lines written in Ohio in 1956 in the May 23 issue, figures for Nationwide Mutual and Nationwide Mutual Fire were omitted. Nationwide Mutual ranked among the top ten companies in four lines during 1956. Corrected rankings for the four lines are:

BI (NOT AUTO)

	Direct Writings $	Losses Incurred $
Aetna Casualty	1,911,042	577,547
Buckeye Union Cas.	1,596,779	677,388
Ohio Casualty	943,908	260,325
U.S.F.&G.	921,517	450,528
Indem. of No. America	887,365	124,926
Continental Cas.	817,751	373,018
Nationwide Mutual	782,367	139,185
Hartford Acc.	767,969	251,745
Ohio Farmers Ind.	751,956	170,617
Liberty Mutual	719,345	658,218

AUTO BI

	Direct Writings $	Losses Incurred $
Nationwide Mutual	11,884,395	7,789,335
Buckeye Union Cas.	4,523,008	2,889,279
Allstate	4,356,290	2,839,137
Travelers Indem.	3,196,707	2,243,926
Ohio Casualty	2,910,029	1,291,437
Aetna Casualty	2,624,037	1,499,440
Ohio Farmers Indem.	2,553,227	1,410,666
American F.&C.	1,990,980	895,697
Continental Cas.	1,885,994	800,738
American Auto	1,885,676	1,134,376

AUTO PDL

	Direct Writings $	Losses Incurred $
Nationwide Mutual	7,741,011	4,887,025
Buckeye Union Cas.	3,967,430	2,063,566
Allstate	3,027,218	1,854,873
Travelers Indemnity	2,993,308	1,696,842
Ohio Casualty	2,657,246	1,211,431
Ohio Farmers Indem.	1,894,614	900,511
Aetna Casualty	1,682,394	898,355
American States	1,580,460	783,570
American Auto	1,322,824	690,916
Hartford Accident	1,154,792	436,604

AUTO PHD

	Direct Writings $	Losses Incurred $
Nationwide Mutual	13,292,051	5,638,909
Buckeye Union Cas.	4,137,720	2,052,126
General Exchange	4,016,216	3,512,681
Allstate	3,314,036	1,301,525
Travelers Fire	3,034,198	1,747,049
Ohio Casualty	2,964,646	1,337,385
Ohio Farmers	2,246,396	1,136,452
American States	1 732,871	877,938
Aetna Casualty	1,682,394	898,353
American Auto	1,483,516	709,690

Royal-Globe Makes Bonding Changes

Royal-Globe has appointed T. J. Adams superintendent of bonding at Chicago. He succeeds L. W. Zuttermeister, who has been transferred to New York.

The group has also transferred Howard E. Furtz, bond underwriter in East Orange, N. J., to the New York bonding department. Martin J. Cooney II has been named bond superintendent in East Orange. He will be assisted there by M. L. Cutler, who will be bond special representative for the state.

Butler to National Union

Paul R. Butler, who has been special agent for American at Louisville, is leaving to join National Union as manager at Atlanta.

Savannah (Ga.) Agents Elect

John W. Blount Jr. has been elected president of Savannah (Ga.) Assn. of Insurance Agents. He succeeds William N. Jones. William T. Williams was named vice-president and F. Wylly Clarke continued as secretary-treasurer. Guests at the dinner meeting included Josiah O. Hatch, past president of Georgia association, and Harry M. Carter, state national director.

Tex. Hearing on Builders Risk

The Texas department has called a hearing for June 18 on the writing of builders risk insurance under inland marine policies. Texas Insurance Advisory Assn. requested the hearing.

Robert L. Shifrin has been made a partner in the Kaufman Wise agency of St. Louis.

10 Sprinkler Companies in Anti-Trust Indictment

A federal grand jury in Chicago has indicted 10 manufacturers and distributors of automatic sprinkler systems on charges of violating the Sherman anti-trust act in sale and installation of sprinkler systems, according to a government news release.

Named in the release as defendants are four Chicago companies—Viking Automatic Sprinkler Co., Fire Protection Co., American Automatic Fire Protection Co., and C. L. Doucette Inc. Others are Grinnell Co., Providence, R. I.; Automatic Sprinkler Corp. of America, Youngstown, O.; Rockwood Sprinkler Co., Worcester, Mass.; Globe Automatic Sprinkler Co., Philadelphia; H. G. Vogel Co., New York City; and Blaw-Knox Co., Pittsburgh.

Announcing the indictment, Department of Justice said: "This case involves the sale and installation of automatic sprinkler systems used in fire protection. These systems consist of a network of pipes and sprinkler heads installed in buildings so that water can be automatically sprayed over a fire.

"Five of the defendants, namely Grinnell, Automatic, Rockwood, Globe, and Blaw-Knox, operate throughout the United States, and in 1956 they sold and installed approximately $61 million worth of such systems. In the area covered by this indictment, which includes parts of Illinois, Iowa, and Indiana, the defendants had combined sales in sprinkler systems amounting to approximately $8 million in 1956.

• • •

"The indictment charges that the defendant sprinkler companies have engaged in a conspiracy to allocate customers for sprinkler systems in the states of Illinois, Iowa, and Indiana. The indictment alleges that the defendants held meetings periodically to arrange for the allocations, limited the number of prospects to be allocated to each defendant, and then agreed to protect the price quoted by the defendant to whom the customer was allocated."

Assistant Attorney General Victor R. Hansen, head of the anti-trust division, stated:

"Agreements among competitors to allocate customers have repeatedly been held to constitute violations of the anti-trust laws. The indictment alleges that such allocation agreements among these sprinkler companies have eliminated price competition in the sale of such systems."

At least one defendant company has not been officially notified of the indictment, hence comment is not available at this time.

Five Big Bonds Awarded in Cal.

General of Seattle is surety on three contract bonds in California. Recipients of the contracts are:

McDonald & Kruse, Verdugo City, Cal., awarded contract by U. S. engineers, for construction of Walnut inlet channel wash on San Gabriel river at a price of $3,226,471.

Paul W. Speer Inc., Los Angeles, awarded contract by Los Angeles board of education for construction of Olive Vista junior high school, at a price of $2,241,000.

Merco Construction Engineers Inc., awarded contract by Los Angeles board of education for construction of James Monroe high school, at a price of $3,372,000.

California department of public works has awarded contract to James I. Barnes Construction Co., Pomona, Cal., for construction of a fine arts building, an industrial arts building, and development of the site at San Bernardino freeway campus of Los Angeles state college, at price of $1,727,200. Seaboard Surety is surety.

Griffith Co., Los Angeles, Cal., has received contract from California department of public works for 3.6 miles of highway improvements in Orange county and the cities of Alhambra and Fullerton, at a price of $3,161,807. National Surety is surety.

Insurance Women of Los Angeles have elected Lucretia Pierce president, Tommie Ashford vice-president, Kathryn Westmoreland and Shirley Ries secretaries, and Elaine Johnston treasurer.

Mutual Spokesman Says N. J. UJF Is a Failure

The two year record of the New Jersey unsatisfied judgment fund proves that insured motorists are treated to snarled red tape, delays, discouragement of claims, settlements for less than they should be and too many cases going to court, according to Paul S. Wise, manager of the legislative bureau of American Mutual Insurance Alliance.

Mr. Wise used a number of statistics to bolster his position. He argued that the fund is not solving the problems created by the financially irresponsible motorist. The companies, he contended, "without the red tape of the fund have done a far superior job in adjusting claims than is done under the New Jersey scheme."

He said a policyholder's chances of having to go to court to get a settlement on a claim are nearly eight times greater with UJF than with insurers, and quoted statistics of selected companies on legal actions on $100,000 of income to show an average of 5.35 court cases for insurers against 40.45 for New Jersey UJF. "The UJ fund is the first step towards state monopoly and the end of private enterprise in the insurance field," Mr. Wise charged.

Mr. Wise has been a consistent advocate of the so-called equal responsibility law in preference to UJF.

Damkroger to Head New Unit for St. Paul F.&M.

St. Paul F.&M. has named Secretary Robert C. Damkroger to head its new property and services department, which will coordinate operational and administrative matters of the company on a nationwide basis. Mr. Damkroger joined the company in 1927 and has been personnel manager since 1944.

• • •

Succeeding Mr. Damkroger as personnel manager is Earl D. Strickland, who has been office and personnel manager at San Francisco. Mr. Strickland joined St. Paul F.&M. as a field man in Phoenix in 1947, was transferred to Los Angeles in 1949, and went to San Francisco in 1953. He will be assisted as personnel manager by William E. Lewis.

Rocky Mountain AR Plans Report, Elect Governing Committees

Colorado, New Mexico and Wyoming automobile assigned risk plans at their annual meeting heard Manager R. G. Shurtleff report on 1956 operations. He stated that the number of assignments processed by the plans had increased while the cost per application decreased.

Reelected to the governing committees of the plans were: Liberty Mutual, represented by Oscar Swanson (chairman), for Mutual Insurance Rating Bureau; Fidelity & Casualty, represented by Andrew J. Luck, for National Bureau of Casualty Underwriters, and State Farm Mutual Auto, represented by W. E. Searle, for National Assn. of Independent Insurers.

New members of the committees are Western Casualty, represented by Charles D. Dahmer, for all other stock insurers, and Manufacturers & Wholesalers Indemnity Exchange, represented by Thomas W. Gibb, all other non-stock insurers.

Mailing address of the plans has been changed to PO Box 3236, East Colfax station, Denver 18.

R. N. Eller Promoted

Mutual Service companies have appointed Roman N. Eller vice-president in charge of operations. Upon completion of a management decentralization program, he will supervise sales, underwriting, claims, and services. Mr. Eller joined the companies in 1941 and was named vice-president in charge of personnel in 1952. He became vice-president for sales and underwriting in 1956.

Mass. Insurers Charged with Fraud in Wake of Auto Rate Increases

Casualty insurers writing auto liability cover in Massachusetts have been accused of fraudulently applying all costs, rather than a proportionate share, in order to boost compulsory rates.

This is the newest of developments which followed the recent highly disputed publication of increased private passenger auto liability rates by Commissioner Humphreys, who set the new schedule in compliance with a state supeme court decision.

In recognition of the charges, Boston city council has adopted a resolution urging Gov. Furcolo and the legislature direct Attorney General Fingold to fully investigate and "publicly acquit or prosecute".

Meanwhile, the legislature has received a bill proposing the creation of a state rating bureau to recommend compulsory rates. Past proposals of this nature have made little progress, but in view of the new rates, it is expected this measure will receive greater support.

Public Adjusters Elect G. E. Gordon President

George E. Gordon of Boston succeeded William Goodman of Baltimore as president of National Assn. of Public Insurance Adjusters at the annual convention recently at Miami Beach. Mr. Goodman, founder of NAPIA, has served as president for six years. He was elected the first honorary life president.

Mr. Gordon has been an attorney specializing in adjusting for 40 years. Other officers are: Vice-presidents: R. S. Gould, Baltimore; A. W. Lazarus, Chicago; A. A. Lessner, Miami Beach; A. H. Neaman, Pittsburgh; Sidney Greenspan, Los Angeles; Treasurer, Irwin E. Deull, Buffalo.

Elect Trimarco to Head Philadelphia Claims Assn.

Philadelphia Claims Assn. elected Daniel J. Trimarco of Harleysville Mutual Casualty president at the May meeting. Harry D. McCay of London & Lancashire Indemnity was named secretary and George B. Jacoby of Philadelphia Gas Works, treasurer. Thomas M. Evans of Bell Telephone was elected chairman of the executive committee.

Named to the executive committee were Peter P. Conway of Eureka Casualty, Theodore Roberts of National Union Indemnity, and Raymond R. Cotton of Fireman's Fund.

Wallace Appointed

Rex R. Wallace has been appointed a Lloyd's underwriter for MacGibeny-Grupe Inc., Chicago. He has had both company and agency experience, starting his insurance career in the Chicago office of Liberty Mutual in 1925 and specialized in handling the company's larger lines. In 1949 he joined Fred S. James & Co., Chicago, and for 4 years handled the marketing of their large lines. He joined Stewart, Smith (Ill.) Inc., in Chicago in 1954 and was a Lloyd's underwriter until 1957. The MacGibeny-Grupe agency is correspondent for underwriters at Lloyd's London and operates on a nationwide basis.

Henderson To Badger State Mutual

J. Leonard Henderson has been appointed manager of the new fire and inland marine department of Badger State Mutual Casualty of Milwaukee. He had been with American Mutual Fire for 15 years as field man, agency supervisor, assistant secretary, director, and vice-president.

National Bureau, MIRB Revise Burglary Rates

National Bureau has revised burglary rules and rates in all states, except Texas, and in the District of Columbia, Alaska, Hawaii and Puerto Rico, and Mutual Insurance Rating Bureau has made corresponding revisions in 43 states and the District of Columbia, effective May 29.

National Bureau revisions will become effective and Mutual Bureau revisions are expected to become effective in Texas, Aug. 1.

Both jurisdictions have reduced "loss inside the premises" from $50 to $37.50, and established a new rule providing for computation of premium on cover of property while being conveyed by an armed motor vehicle used for insured. Both bureaus have granted "premises open 24 hours daily" and "tear gas system" discounts for inside coverage.

Mutual Bureau has introduced the new blanket crime policy.

A number of changes have been made in the money and securities broad form policy and the burglary coverages associated with comprehensive dishonesty, disappearance and destruction.

Minimum premiums applicable to the paymaster broad form have been reduced to $12.50 for the first messenger and $4.50 for each additional messenger to conform to the money and securities broad form "loss outside the premises" premiums.

Newly included are separate rate schedules for payroll checks applicable to the paymaster robbery and paymaster broad form policies.

Plan Reciprocal for Hot Rods

LOS ANGELES—Twentieth Century Insurance Management Corp. has applied to the California department for a permit to act as attorney-in-fact for a proposed reciprocal to be known as Twentieth Century Insurance Exchange. The application asks for authority to issue a contribution certificate to the exchange in the amount of $200,000. James W. Hughes, well known insurance official and attorney, is chairman. He formerly was with Farmers group. The president is L. W. Foster, head of a local agency in Los Angeles.

The proposed reciprocal would specialize in automobile, in particular National Hot Rod Assn.

Associated Claim Service Moves

Associated Claim Service operated by John S. Tasch has moved to more modern offices at 222 west Adams street, Chicago. The firm, now in its fifth year, handles all forms of fire and casualty adjustments.

Howard S. Bush Joins Springfield F.&M.

Howard S. Bush has joined Springfield F.&M. with executive responsibilities primarily relating to casualty and bond operations.

Mr. Bush has been assigned to the home office. His name will be presented to the board of directors for election to the office of vice-president at the next board meeting.

Mr. Bush previously was deputy manager of Employers Liability and vice-president and director of the other companies of Employers Liability group. He served with Employers Liability in various capacities, both in the field and home office, beginning in 1921. In 1952 he was promoted to deputy manager in charge of underwriting.

Phend to Be Life Specialist

W. A. McClintic and Charles E. Cortin have bought the interest of Harold C. Phend in the Heiny agency of Monticello, Ind. Mr. Phend, a past president of Indiana Assn. of Insurance Agents, intends to conduct a life agency.

Asks Better Method of Determining U&O Cover on Stores

A joint effort by controllers of retail dry goods establishments and underwriters to set up an adequate standard for business interruption insurance has been urged by Louis M. Kessler, Alexander Grant & Co., nationwide accounting firm.

Speaking before National Retail Dry Goods Assn.'s controllers' congress convention in Dallas, Mr. Kessler urged the controllers to form a joint committee with insurance underwriters to clarify the present method of determining the amount of insurance to cover a serious business interruption.

"Considerable time and effort have been devoted to the preparation of worksheets to be used for the purpose of determining the amount of insurance required," he said, "but unfortunately these worksheets leave many questions unanswered with regard to your store. Worksheets may be misleading and unless they are clearly understood, many injustices can result to insured and insurer by their improper use."

Mr. Kessler singled out coinsurance as the greatest single problem of business interruption coverage because coinsurance is based on operations for one year after the fire, and if the store is underinsured it may be forced to stand part of the loss.

• • •

"It should be possible to buy earnings insurance with the completely relaxing understanding that, in the absence of fraud, the buyer will under no circumstances be a coinsurer," he added. Mr. Kessler suggested as projects for the joint committee a clear statement concerning the proper worksheet determination of earnings value for insurance purposes on the part of NRDGA members and a continuous effort to improve gross earnings forms, including elimination of the contribution clause and use of a reporting form with retroactive premium adjustment without penalty; provision for guaranteed ordinary payroll for a specific period of time; improvement of the definition of loss of earnings; provision for determination of loss by making bottom-line comparisons, and elimination of the restriction on expediting expenses if approval is received in advance.

Patterson Heads K. C. Society

D. W. Patterson, manager Underwriters Adjustment, was elected president of Insurance Society of Kansas City at the annual business meeting last week. He succeeds J. V. Riley, head of the agency of that name. Robert Cundiff, Allstate, is the new vice-president, Leon Leisenberg, Federated Mutual I.&H., secretary, and P. A. Scott, U.S.F.&G., treasurer.

Waples & Snapper, local agency of Lynden, Wash., has moved to new offices at 700 Front street.

Claims Arbitration Effected for UM by Insurers, AAA

Arrangement for arbitration of disputes arising from automobile accidents involving insured covered under the family protection endorsement and uninsured motorists cover has been effected by American Arbitration Assn., Assn. of Casualty & Surety Companies, National Assn. of Independent Insurers and American Mutual Insurance Alliance.

Participation in the new program in which claim disputes will be arbitrated by AAA tribunals is open to all companies writing the uninsured motorist endorsement in the U. S.

Already taking part in the plan are 72 member companies of ACSC, 68 members of NAII and 44 members of AMIA. Together the 184 insurers write annual automobile BI premiums in excess of $950 million. The standard family coverage arbitration provision calls for disputed claims to be arbitrated in accordance with AAA accident claim tribunal rules previously adopted for the arbitration of disputes under the uninsured motorists endorsement in New York state. At the time the New York endorsement was adopted, interested insurers and the AAA worked out a system for holding arbitration hearings on disputed claims.

AAA has expanded its facilities to make arbitration machinery conveniently available in all geographic and political areas.

• • •

To finance this expansion and maintain the arbitration machinery, participating companies will be assessed on the basis of 1/10th of 1% of total automobile bodily injury liability premiums written in the U. S. exclusive of Massachusetts, New Jersey and Kansas for 1955.

Participating companies and their insured will be permitted to use the AAA facilities at rates considerably lower than those in effect for nonparticipating companies. Participants will pay a single $50 filing fee upon filing of papers for arbitration, plus $50 for each day of hearing beyond the first day. Experience with this procedure in New York state has indicated that disputes rarely require more than one day of hearing. Nonparticipating companies using the arbitration facilities will be charged at the commercial rate of approximately $300 for a $10,000 claim and $500 for a $20,000 claim. The AAA home office is in New York City. Tribunal offices are in Atlanta, Boston, Charlotte, Chicago, Cincinnati, Cleveland, Dallas, Detroit, Hartford, Los Angeles, Philadelphia, San Francisco and Washington, D. C. However, to expedite the handling of arbitration cases on a nationwide basis under the new program, additional arbitration tribunals are being established.

Companies interested in participating in the program should contact John Eastman Jr., vice-president, American Arbitration Assn., 477 Madison avenue, New York 22.

Cravens, Dargan Gets IBM Brain

Cravens, Dargan & Co., has installed an IBM 650 electronic data processing system, the first of its kind in the Houston area.

J. M. Kralovec & Son, supervising general agency of Chicago has moved to new offices at 6010 West Cermak Road, Cicero.

Butler Is Counsel of Inter-Regional

Inter-Regional Insurance Conference has appointed Charles P. Butler general counsel. An attorney in New York, he formerly was counsel and deputy of the New York insurance department. He has served as counsel of North America companies in New York City, and served as executive vice-president of National Assn. of Insurance Agents.

For the past seven years he has been engaged in the private practice of law, specializing in insurance law.

Loyalty Group Is Host to Insurance Students

In the report last week of the tour by Illinois Wesleyan students of Chicago insurance centers, mention of Loyalty group as a host company was omitted. The students visited several western departments in small groups, and in the Loyalty group they were in charge of Lloyd W. Brown, 2nd vice-president.

Two Schools at Sagamore, but One Week Apart

The article in the May 9 issue, page 30, stating that more faculty members had been added for the agency management school at Sagamore Lake, N. Y., June 16-19, was incorrect. The agency management school at this place and date will include in its faculty L. J. Ackerman, dean of the school of business, University of Connecticut, Frederick J. Flynn of Flynn Associates, Garden City, L. I., and Richard J. Leighton of Rough Notes.

The faculty described in the May 9 article is for the school sponsored by New York State Assn. of Insurance Agents at the same place but a week earlier. That faculty includes Oscar Beling, manager of agency systems of Royal-Globe, Dr. J. Calvin Callaghan, Syracus university professor of speech, and Marshall B. Simms, suprintendent of agencies of Continental Assurance.

Wis. Buyers Elect Hafer

Wisconsin Insurance Buyers Assn. has elected J. H. Hafer, Millprint Inc., president; A. A. Widtmann, A. O. Smith Corp., vice-president and chairman of the program committee; E. F. Lehman, Ladish Co., secretary, and J. A. Hussa, First Wisconsin National Bank of Milwaukee, treasurer.

Ohio Legislature Adjourns

COLUMBUS—The Ohio legislature has completed its session, and became the first in many years to withhold increases in workmen's compensation benefits, but it also withheld a bill to allow private companies to write WC, a state monopoly.

The bill was passed to create a separate department of insurance. Other measures of interest to insurance were several for traffic safety including a penalty point system to drive chronic violators from the highways, and a measure to allow state and political sub-divisions to buy insurance against auto liability of employes.

Reappoint Mitchell in S. D.

PIERRE, S. D.—Donald Mitchell has been reappointed South Dakota commissioner for a two year term. He was first appointed last year to fill the unexpired term of George Burt.

The recently organized **Insurance Women of Grand Rapids** has elected Mrs. Jean P. Slaughter, Zurich, president; Mrs. Lois Costen, Marsden agency, 1st vice-president; Miss Jeannette Bowes, Tenbroek agency, 2nd vice-president; Miss Frances Robinson, Muir-Doolittle agency, corresponding secretary; Miss Barbara Bowen, Continental Casualty, recording secretary, and Miss Margaret Farmer, Travelers, treasurer.

10-Day Notice of Auto Cancellation Bill Signed in Cal.

Gov. Knight of California has signed the bill requiring insurance companies to give a 10-day written notice of intention to cancel any automobile liability policy.

The senate passed bills increasing UCD benefits for illness or accidents to a maximum of $50 a week and hospital to $12 a day for 20 days. It is understood the governor is ready to sign these measures.

Seek 18% Rise in N. Y. Auto Liability

The new auto liability rates filed by National Bureau of Casualty Underwriters and Mutual Insurance Rating Bureau in New York call for an 18% average increase. Superintendent Holz is expected to act on the filing by July 1. The insurers lost $4 million on the line last year, and Allstate increased its rates 10 months ago.

Three Are Promoted by Mill Owners Mutual

Mill Owners Mutual of Des Moines has named D. T. Kirkman treasurer to succeed L. R. McKibban, who has retired. Mr. Kirkman has been assistant secretary.

Also promoted were Clarence W. Letz, former assistant treasurer, who was elected assistant secretary, and Dale K. Sievert, controller, who was named assistant treasurer.

Traders & General Names T. J. Clark Assistant V-P

T. Jack Clark has been named assistant vice-president of Traders & General. He will head the liability claim division under the direction of J. A. Jones, vice-president in charge of claims.

Mr. Clark joined the company as a field claim man in 1950 and has been in the legal department.

Buffalo Mariners Formed

Mariners Club of Buffalo was formally organized at a luncheon meeting last week. Webb Durant of Fireman's Fund was elected skipper; Marshall Freeze, Aetna Casualty, was elected first mate; John Glynn, Buffalo, was named purser; and W. D. Pollack of Appleton & Cox is master-at-arms.

No Non-Insurance Law in Mo.

Confusion of source of material resulted in the erroneous report in the May 16 issue that the Missouri attorney-general had ruled that under a new state law all state agencies were forbidden from purchasing or continuing to carry commercial insurance policies on any properties they may own effective May 1. No such law was enacted by the 1957 Missouri legislature.

Williams American F.&C. Director

Luther H. Williams, vice-president and treasurer of American Fidelity & Casualty, has been elected a director. A former deputy insurance commissioner of Pennsylvania, Mr. Williams joined the company in 1955.

Rhode Island Assn. of Insurance Agents will hold its summer outing June 21 at the Warwick country club in Warwick. George C. Hughes, executive secretary, is in charge of arrangements.

Insurance Women of New Orleans have elected Mrs. Faye Foss president, Miss Mildred Macdonald and Miss Augustine Calcagno vice-presidents, Miss Bernice Lehr corresponding secretary, Miss Bernadette Murphy recording secretary and Miss Regina May Boley treasurer.

Convention Dates

June 9-11, Maryland Assn. of Insurance Agents, midyear, Commander hotel, Ocean City, Md.

June 10-12 South-Eastern Underwriters Assn., annual, Homestead hotel, Hot Springs, Va.

June 10-13, National Assn. of Insurance Women, annual, Sheraton hotel, Philadelphia.

June 10-14, National Assn. of Insurance Commissioners, annual, Haddon Hall, Atlantic City.

June 12-16, International Assn. of A&H Underwriters, annual, Lowery hotel, St. Paul, Minn

June 13-14, Wisconsin Assn. of Mutual Insurance Agents, annual, Schwartz hotel, Elkhart Lake.

June 12-15, Wisconsin Assn. of A&H Underwriters, annual, St. Paul, Minn.

June 13-15, Mississippi Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park.

June 14, Mutual Fire Insurance Assn. of New England, annual, Parker House hotel, Boston.

June 16-18, New England Assn. of Insurance Agents, annual, Poland Spring, Me.

June 16-19, Virginia Assn. of Insurance Agents, annual, Roanoke hotel, Roanoke.

June 20-22, North Carolina Assn. of Mutual Insurance Agents, annual, Mayview Manor and Green Park hotels, Blowing Rock.

June 24-26, Insurance Advertising Conference, annual, Spring Lake, N. J.

June 26-29, Federation of Insurance Counsel, annual, Waldorf Astoria hotel, New York City.

June 27-28, Loss Executives Assn., annual, Shawnee Inn, Shawnee on Delaware, Pa.

July 4-6, International Assn. of Insurance Counsel, annual, Chalfonte-Haddon Hall, Atlantic City.

Aug. 12-14, International Federation of Commercial Travelers, annual, Empress hotel, Victoria, B.C.

Aug. 15-17, Louisiana Assn. of Mutual Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park.

Aug. 22-24, Texas Assn. of Mutual Insurance Agents, annual, Shamrock-Hilton hotel, Houston.

Aug. 26-27, South Dakota Assn. of Insurance Agents, annual, Marvin Hughitt hotel, Huron.

Aug. 26-29, Hon. Order of the Blue Goose, International, annual, Roosevelt hotel, New Orleans.

Sept. 5-6. New Jersey Assn. of Insurance Agents, annual, Traymore hotel, Atlantic City.

Sept. 8-11, International Claim Assn., annual, Chalfonte-Haddon hall, Atlantic City.

Sept. 9-12, National Assn. of Insurance Agents, annual, Chicago.

Sept. 15-18, Idaho Assn. of Insurance Agents, annual, Sun Valley.

Sept. 15-18, Michigan Assn. of Insurance Agents, annual, Grand hotel, Mackinac Island.

Sept. 15-18, Michigan Assn. of Insurance Agents, annual, Grand hotel, Mackinac Island.

Sept. 16, Vermont Assn. of Insurance Agents, annual, Lake Morey inn, Fairlee.

Sept. 16-17, Minnesota Assn. of Mutual Insurance Agents, annual, St. Paul hotel, St. Paul.

Sept. 17-20, Mutual Loss Research Bureau, annual, Edgewater Beach hotel, Chicago.

Sept. 18-19, New Hampshire Assn. of Insurance, annual, Wentworth-by-the-Sea hotel, New Castle.

Sept. 18-20, Washington Assn. of Insurance Agents, annual, Olympic hotel, Seattle.

Sept. 20, Delaware Assn. of Insurance Agents, annual, Rehoboth Country club, Rehoboth

Sept. 22-24, Oregon Assn. of Insurance Agents, annual, Eugene hotel, Eugene.

Sept. 23-24, South Dakota Assn. of Mutual Insurance Agents, annual, Sioux Falls.

Sept. 26-27, Oklahoma Assn. of Mutual Insurance Agents, annual, Skirvin hotel, Oklahoma City.

Sept. 29-Oct. 1, Pennsylvania Assn. of Insurance Agents, annual, Pocono Manor inn, Mount Pocono.

Oct. 1-3, Society of Chartered Property & Casualty Underwriters, annual, Waldorf-Astoria hotel, New York City.

Oct. 3-4, Mountin States Assn. of Mutual Insurance Agents, annual, Denver.

Oct. 6-9, National Assn. of Casualty & Surety Agents, annual, Greenbrier hotel, White Sulphur Springs.

Oct. 6-9, National Assn. of Casualty & Surety Executives, annual, Greenbrier hotel, White Sulphur Springs.

Oct. 13-16, National Assn. of Mutual Insurance Agents, annual, Sherman hotel, Chicago.

Oct. 14, Society of Acturies, annual, Commodore hotel, New York City.

Oct. 14-15, Arizona Assn. of Insurance Agents, annual, Westward hotel, Phoenix.

Oct. 16-18, National Assn. of Independent Insurers, annual, Edgewater hotel, Chicago.

Oct. 17, Inter-Regional Insurance Conference, annual, Plaza hotel, New York City.

Oct. 17-18, Pacific Fire Rating Bureau, annual, Camelback inn, Phoenix.

Oct. 19-23, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.

COMMENTS TRENDS OBSERVATIONS

Over-Insurance Is Big Problem in Mo. Tornado Loss

KANSAS CITY—Insurers settling dwelling losses arising from the May 20 tornado in suburban Ruskin Heights are confronted with the unusual problem of over-insurance, and in a catastrophe of this kind the consequences are severe.

The tornado caused an estimated $10 million of insured damage, a good deal of it in Ruskin Heights. The over-insurance problem arises from the requirement of the Veterans Administration that real estate loans be insured for fire and EC to the amount of the loan. The VA has been making 100% loans, but about 25% of the value is in home foundations and such improvements as sidewalks, street paving, sewers, etc.

• • •

Missouri has a valued policy law, so if an insurer issues a policy for amounts greater than the value of the property, it still must in the case of total loss pay the face amount. The insurance department has been concerned with the Ruskin Heights situation, and W. O. Owen, chief rater, met last week with insurance representatives and developed an informal understanding by which all losses are to be adjusted on a cost-plus replacement cost basis. There are certain inequities in this agreement, however, because replacement costs of a block of 50 or 100 homes which were originally built as one operation is considerably less than if handled on an individual basis. The difference is figured at not less than $1,000 per home.

• • •

The Kansas City tornado settlements may represent a trial run of a method of meeting the problem created by the VA requirement which took no recognition of the needs of the insurance business.

F. H. Calvin, executive vice-president of Kansas City F.&M., who was chairman of the Ruskin Heights meeting, made some comments on the situation. He said it exists throughout the country because many veterans took advantage of the 100% loans offered by the VA. It was a good thing for them, since there was no down payment required and they could move in what amounted to a rental basis.

"What they did not know," Mr. Calvin remarked, "was that the mortgage houses refused to accept a mortgage for the full amount of the purchase price, so it was increased, let us say, from $10,000 to $11,000, and the mortgage was made for $10,000. The mortgage house made the interest on some additional principal and the insurance was made out in the increased amount. Mortgage loans made in 1949 and 1950 profited from the inflation, but persons who have bought homes in the last year or so have not been so helped. Their $12,000 home can be replaced at $8,000 to $9,000."

Praver & Sons, the construction company which built Ruskin Heights, offered exact replacement of homes on existing terms with no extra payments, but this has been complicated by the additions made in many homes such as storm sash, recreation rooms, extra bedrooms, etc.

• • •

Companies hard hit in the Ruskin Heights area appear to be Republic of Dallas, Anchor Casualty, Continental Casualty, General of Seattle and Hanover. Mr. Calvin said K.C.F.&M., which has relatively few risks in the loss area, feels that it is lucky to have an estimated loss of only $200,000.

Automobile losses were extensive. Allstate has paid 40 totals and has about 80 partials for about $250,000.

Approximately 220 homes in Ruskin Heights were demolished by the tornado and are considered total losses.

Republic of Dallas and Anchor Casualty are reported to have had the coverage on Andes & Roberts Improvement Co. and All-Purpose Builders, both of which were active in the area, as well as coverage on many of the homes built by Praver & Sons.

• • •

A number of officers of Anchor Casualty visited Ruskin Heights last week, headed by President T. Parker Lowe, and Robert C. Webb, general adjuster at the home office of Republic, is in charge of the emergency office for his company at Ruskin Heights.

The agent for Allstate set up a disaster office in a private garage across from the high school and canvassed his insured to see if they had losses. His company was paying claims within 12 hours of the tornado.

TELLS PA. SELF INSURERS

Handling of Back Cases Shows Weakness of WC System—Which is Lax, Not Liberal

William Zucker, secretary of Commerce & Industry Assn. of New York, in a talk on back injury cases at the annual meeting of Pennsylvania Self-Insurers Assn. in Atlantic City, said that the psychological basis of the symptoms in back cases became clear long ago, and was soon appreciated; the term "gold cure" was coined to describe the therapeutic effect of settlement.

Today psychiatrists have pinned the label "conversion hysteria" on such cases, Mr. Zucker said. Every person has some elements of hysteria in his makeup. If he has an injury and then manifests hysteria by not wanting to work and develops symptoms, vague as they may be, with no objective finding, that is "conversion hysteria" and an accident produced it.

The injured workman thinking in terms of accident damage suits feels that he is entitled to compensation for his injury. This is a far cry from the concept of workmen's compensation, which was designed to avoid the negligence factor and be a system of payment of part earnings, calculated with reference to wages for a period of disability resulting from an injury or illness due to an accident, thus removing the payment out of the realm of liability for tort.

Overlaid on workmen's compensation is the personal negligence suit complex, in which a chance statement by a physician apparently magnifying the disability, the deliberate misinformation of the ambulance chaser, and the efforts of a union representative to get a square deal for his client and thus justify his own position may transform a simple case of injury into one requiring months and years of litigation and a persistence of incapacity beyond all normal expectation.

In the workmen's compensation system a new element is introduced. Here there is a referee or a commissioner who lends his efforts unwittingly to the perpetuation of a system of jurisprudence of courthouse medicine that never was meant to be, Mr. Zucker continued. Expert medical opinion is dragged on the scene to lend a macabre touch to the fantasy built on false hopes of gain and further personal aggrandizement. The relationship between injury and disease and the fine mathematical evaluation of disability are pure speculations with no relation to everyday working conditions. Yet this is the stuff of which compensation hearings are made. The money incentive behind the whole program and the failure to visualize the objective of WC as a cooperative enterprise to reduce the period of incapacity and quickly and fully restore the worker to his job are the blights that produce all these problems, he declared.

The degree to which these destruc-

(CONTINUED ON PAGE 29)

General Agents Meet at Miami Beach

(CONTINUED FROM PAGE 1)

the rating process, a discussion of salvage by William B. Rearden, president of Loyalty group and head of Underwriters Salvage Co., and a discussion of the National Board advertising campaign on insurance to value by F. W. Westervelt Jr.

In connection with Mr. Westervelt's talk, F. Elmer Sammons, president of Hanover Fire, reported that from March 1 to 24 Hanover had received $130,000 in additional premiums as a result of the campaign. Hanover's special agents have worked vigorously to promote the campaign with agents, and Mr. Sammons expects his group to secure $400,000 of additional premiums this year as a result.

Other outstanding contributions to the program were the talks on current conditions by Lester S. Harvey, president of New Hampshire group; on reinsurance as applicable to managing general agents by Alex Mackerell of Booth, Potter, Seal & Co. of Philadelphia; the situation that confronts the general agent today by Hunter Lyon Sr. of Miami, and other phases of this subject by George B. Leonard of Atlanta, both general agents; on excess insurance by Derek A. Colls of Stewart, Smith & Co., London; on the National Assn. of Insurance Agents' advertising program by Robert E. Battles of Los Angeles, president of NAIA, and on the rise of Florida as an insurance state and as a premium producer by Commissioner Larson.

• • •

The papers of Mr. Harvey, Mr. Leslie and Mr. Mackerell are treated separately.

George W. Hardin and Sam G. White of Jacksonville handled general convention and golf arrangements, respectively, and Mrs. Brundick and Mrs. Hardin took care of the arrangements for the ladies. The banquet was an elaborate "night in Paris" affair, preceded by cocktails and followed by entertainment.

Underwriters Salvage Co. is an important cog in the insurance machinery, Mr. Rearden commented. The organization supplies the facilities—plants and offices—and the personnel skilled in a highly specialized field, with which to save substantial values out of the chaos of property destruction. Because of its skill and experience, it recovers a great deal more from such circumstances than otherwise would be the case.

For example, he said, what can be done with damaged coffins? They are sold to veterinarians for customers who want to bury pets in coffins. Or, how can anything like their real value be salvaged from stocks of canned fruits with the labels gone? They are sold to bakeries and restaurants. In cotton growing areas the salvage company has special crews available to put out bale fires; in wheat growing

(CONTINUED ON PAGE 28)

At American Equity group's headquarters suite in Miami Beach during the convention of American Assn. of Managing General Agents: Denzel G. Rodgers of American Equity, Mrs. Rodgers, E. W. Dunn of Los Angeles and T. L. Randall of Jacksonville.

Two speakers at the convention of American Assn. of Managing General Agents in Miami Beach—George B. Leonard, general agent of Atlanta, and Alex Mackerell of Booth, Potter, Seal & Co., Philadelphia, in the lobby of the Fontainebleau.

William B. Rearden, president of Loyalty group, and Mrs. Rearden, at the hospitality suite of Hanover Fire during the annual convention in Miami Beach of American Assn. of Managing General Agents.

George W. Hardin, general chairman, and Sam G. White chairman of the golf committee, both of Jacksonville, at the annual convention of American Assn. of Managing General Agents in Miami Beach.

Herbert Cobb Stebbins, secretary-treasurer; Joseph A. Rogers of St. Paul, president; Barney Vanston of Dallas, A. W. Marshall of Newark, F. W. Brundick Jr. of Jacksonville, and Carl N. Homer of San Francisco, at the Miami Beach convenion of American Assn. of Managing General Agents. Mr. Marshall is chairman, and Mr. Vanston, Mr. Brundick and Mr. Homer are members of the executive committee.

George W. Blackwell of San Francisco, Mrs. Fougner, Ray K. Davis of American Equity group, Mrs. Davis, Field Thompson of Los Angeles and Arne Fougner, president of Christiania General, during convention in Miami Beach of American Assn. of Managing General Agents.

Carl N. Homer and Philip D. Richards of San Francisco, F. H. Duff of Dallas, F. M. Regan of Sioux Falls, S. D., and Howard T. Shepherd of Little Rock, at the Miami Beach convention of American Assn. of American General Agents.

At the Miami Beach convention of American Assn. of Managing General Agents, from the left—Mrs. Sammons, F. W. Brundick Jr. of Jacksonville, Mrs. Brundick, and F. Elmer Sammons, president of Hanover.

Texas Bureau Elects Hickman Chairman

DALLAS—R. Allen Hickman, vice-president in charge of the southwestern department of Phoenix of New York, was elected chairman of the governing committee of Texas Fire Prevention & Engineering Bureau at its annual meeting in Dallas. J. Arthur Travis of Floyd West & Co. general agency is vice-chairman. Mr. Hickman succeeds August R. Buchel of Gulf.

Three new members of the governing committee, elected on the normal rotation basis, are W. Ross McCain of Phoenix of Hartford, Wright McCartney of Great American, and L. C. Templeton of Trinity Universal.

A. Sidney Briggs, manager, in his annual report, called attention to the gradual extension of the bureau's engineering services to some casualty lines in recognition of multiple line operations. He said that plans are being made for joint conferences later this year of both fire and casualty examiners and underwriters for the purpose of discussing forms that would develop the desired information and of recommending changes in the new uniform inspection report manual.

Name 2 Claim Managers at Continental Casualty

Continental Casualty has appointed John R. McKim and Richard M. Seybold claim managers at New York and Pittsburgh.

Mr. McKim has been in claim work for 20 years. He has been Continental's Pittsburgh claim manager since 1953.

Mr. Seybold joined Continental in 1955 as an examiner in the home office. Since the first of the year he has been on a roving assignment in the east.

Florida 1752 Club Elects

Florida 1752 Club, at its annual meeting held in conjunction with the annual convention of Florida Assn. of Mutual Insurance Agents, in Redington Beach, elected Fred F. Bosworth of Lumber Mutual, president; John Puckett of Pennsylvania Lumbermens Mutual, vice-president; and John C. Tobin of Iowa National Mutual, secretary-treasurer.

David C. Erck has been promoted to executive in the personal accounts department of Cathcart & Maxfield agency of St. Paul. He has been manager at St. Paul for C. W. Sexton Co.

$10 Million Worth of WC Changes in Texas

AUSTIN—After a session-long series of hearings on conflicting viewpoints, the Texas legislature passed a revision of the workmen's compensation act just before adjournment, with the new measure expected to add some $10 million annually to premium charges.

The bill, as finally amended, provides for unlimited medical payments, a maximum weekly benefit of $35, modification of the doctrine regarding partial and temporary total disability, and a revision of attorney's fees at various levels of hearings and court appeals.

The bill will take effect Aug. 22, or 90 days after adjournment.

Would Set Up Texas Style Department in Alabama

A bill to create a three-member board of insurance commissioners has been introduced in Alabama. Sponsored by Superintendent Horn, the board would replace the present insurance department heads. The commissioners would be appointed by the governor.

Mr. Horn is also supporting a bill to expand the present state insurance fund for handling coverage on governmental buildings.

Standard Accident Honors Agency on 50 Years

Fred A. Ginsburg and the agency bearing his name recently celebrated 50 years of association with Standard Accident at a dinner given in the agency's honor by Standard Accident officials. Mr. Ginsburg, a former Standard Accident employe, was awarded a 50 year certificate by L. K. Kirk, Standard Accident president. Another highlight was the presentation of a 50 year plaque accepted on behalf of the agency by Arthur J. Thorner, a partner. The presentation was made by C. L. Miller, vice-president of Standard. Frank W. Locy, resident vice-president of Standard's Detroit branch office, served as host at the celebration.

Everhard Moves to Tulsa

Northwestern Mutual of Seattle has opened a district claim office at Tulsa with E. P. Everhard Jr. as manager. He has been at Phoenix and is replaced there by R. A. Zuspan.

Kemper Group Names Four to Higher Posts

G. R. Faulds Jr., R. K. Hill and T. R. Schueler have been named senior executives and Henry Hagemann has been named junior executive of the Kemper companies.

Mr. Faulds joined the Kemper organization in 1929. He has been office manager, special agent and currently is second vice-president.

Mr. Hill started with the organization in 1952 after having been with Springfield F.&M. He was named a junior executive in 1954. He is vice-president and assistant manager of the fire division.

Mr. Schueler, a graduate of Armour Institute, joined the Kemper group in 1943. He is executive underwriting manager.

Mr. Hagemann began his career with Kemper in 1934. He has been a coder, underwriter and now is underwriter supervisor for the fire underwriting division.

Auto-Owners of Lansing Names Masters to Board, Makes 11 Other Changes

Auto-Owners of Lansing has elected Richard C. Masters, vice-president and assistant general counsel, to the board. All other directors were reelected.

Ralph E. Moulton, a son of President V. V. Moulton, was named assistant treasurer and William C. Searl Jr., son of William C. Searl, executive vice-president, was named vice-president for Florida. Both are presently directors.

• • •

Other shifts within the company are: Orin C. Huffman becomes manager of the accounting department, succeeding J. M. Kutt, resigned; George W. Shaffer Jr., was made manager of the Lansing branch underwriting department, with Richard E. Otto as assistant manager; Orill D. Danby was named automobile underwriting manager; Richard O. Kosht, general casualty manager; William O. Cole, fire underwriting manager, with Richard D. Hartman as assistant, and Robert B. McKenzie, bond underwriting manager, with G. Peter Wahl as assistant.

An underwriting office is to be established at Marion, Ind., in July, with F. M. Williams as manager. Alabama, Tennessee and Kansas are also being developed for agency appointments.

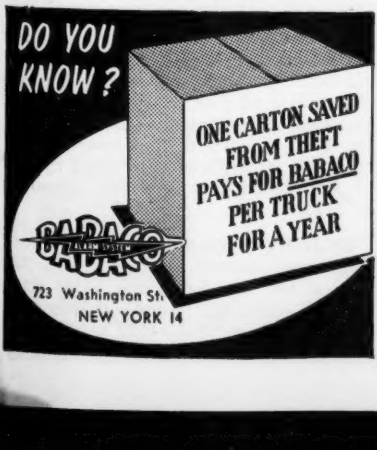
Several Bonds on Coast

LOS ANGELES—Peter Kiewitt Sons Co. of San Francisco has been awarded the contract at a price of $8,499,235 by California division of water resources for construction of two tunnels on the Feather River project. Anchor Casualty is surety.

R. A. Wattson Co. of North Hollywood has been awarded a contract by Los Angeles board of supervisors at a price of $1,225,135 for construction of a storm drain between Pico boulevard and Fairbanks avenue, Los Angeles. General of Seattle is surety.

Kenneth H. Golden Co., M. H. Golden Construction Co., E. C. Young, and Young & Arrieta, all of San Diego, were awarded the contract by California board of public works at a price of $3,594,047 for construction of 2.9 miles of freeway improvements between LaMesa and ElCagon. Pacific Indemnity is surety for Golden and United Pacific for Young and Young & Arrieta.

McCammin-Wunderlich Corp. and Wunderlich Contracting Co., Palo Alto, were awarded the contract by California board of public works for 2.2 miles of highway improvements in San Mateo county at a price of $1,291,-659. American Automobile is surety.



Uniform AR Rates in S. C. UJF Bill

The unsatisfied judgment fund bill in South Carolina now is in the ways and means committee of the house and is not expected to get out during this session. Observers regard it unlikely also that anything will be done with compulsory auto this session.

However, as the UJF bill now stands, it has been amended to require uniform rates and surcharges for assigned risks. The purpose here, according to the language of the bill, is to secure fair, reasonable and non-discriminatory risks for assigned risks.

National Board Building Corp. Elects Kenneth Black

Kenneth E. Black, president of Home, has been elected president of National Board Building Corp. Other officers are Harry W. Miller of Commercial Union-Ocean, vice-president; Lewis A. Vincent of National Board, vice-president and general manager, and J. D. Russell of National Board, secretary.

The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

EDITORIAL OFFICE
99 John St., New York 38, N. Y.
Executive Editor: Kenneth O. Force.
Assistant Editors: John B. Lawrence Jr. and Robert Young Jr.

CHICAGO EDITORIAL OFFICE
175 W Jackson Blvd., Chicago 4, Ill.
Managing Editor: John C. Burridge.
Assistant Editors: Richard J. Donahue, Richard Ebel, and Philip F. Van Pelt.
Production Editor: George H. Downs.

ADVERTISING OFFICE
175 W. Jackson Blvd., Chicago 4, Ill.
Telephone Wabash 2-2704
Advertising Manager: Raymond J. O'Brien

SUBSCRIPTION OFFICE
420 E. Fourth St., Cincinnati 2, Ohio.
Telephone Parkway 1-2140

OFFICERS
Howard J. Burridge, President.
Louis H. Martin, Vice-President.
John Z. Herschede, Secretary-Treasurer.
420 E. Fourth St., Cincinnati 2, Ohio.
Telephone Parkway 1-2140.

SALES OFFICES

ATLANTA 3, GA.—423 Hurt Bldg., Tel. Murray 8-1634. Fred Baker, Southeastern Manager.

BOSTON 11, MASS.—207 Essex St., Rm. 421, Tel. Liberty 2-1402. Roy H. Lang, New England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. O. E. Schwartz and A. J. Wheeler, Chicago Managers. R. J. Wieghaus and William D. O'Connell, Resident Managers.

CINCINNATI 2, OHIO—420 E. Fourth Street, Tel. Parkway 1-2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; Arthur W. Riggs, Statistician.

DALLAS 1, TEXAS—708 Employers Insurance Bldg., Tel. Riverside 7-1127. Alfred E. Cadis, Southwestern Manager.

DENVER 2, COLO.—234 Commonwealth Building, Tel. Amherst 6-2725. Fred L. White, Rocky Mountain Manager.

DES MOINES 9, IOWA—327 Insurance Exchange Bldg., Tel. Atlantic 2-5966. D. J. Stevenson, Resident Manager.

DETROIT 26, MICH.—613 Lafayette Bldg., Tel. Woodward 5-2305. William J. Gessing, Manager for Indiana and Michigan.

INDIANAPOLIS 20, IND.—5634 N. Rural St., Tel. Clifford 3-2276, William J. Gessing, Manager for Indiana and Michigan.

MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—99 John Street, Room 2420, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

NEWARK 2, N. J.—10 Commerce Ct., Tel Market 3-7019. John F. McCormick, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad St Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo. E. Wohlgemuth, Resident Manager.

SAN FRANCISCO 4, CAL.—582 Market St., Tel. Exbrook 2-3054. Richard G. Hamilton, Pacific Coast Manager.

CHANGE OF ADDRESS
Be certain to enclose mailing label with new address. Allow four weeks for completion of the change. Send to subscription office, 420 E. Fourth St., Cincinnati 2, Ohio.

EDITORIAL COMMENT

Need to Be "Pros" to Stay in Auto Field

The current situation in the automobile field gives rise to two questions regarding the future. If the patterns which have developed since World War II, and which now are fairly well defined, continue to deepen their impression on the auto business:

(1) Isn't it possible that insurers that consistently have shown the poorest results in this line and that therefore bleed the most alarmingly in tough periods such as 1955-57, will have to decide to leave the field or merge to get enough volume and auto know-how to maintain a successful pace?

(2) Over the long pull, and excluding the influence of compulsory, isn't automobile going to be handled more and more by those agencies that know or learn how to handle it with the most satisfaction to insured, and the most profit to themselves and their companies? This means handling a large volume expertly and efficiently.

This could be said of any line of business and sound obvious. Yet even though auto today is the most competitive of any line, it has not yet developed its full potential competitively. This is the hammer. The anvil is the fact it is always going to be too big and too tough to underwrite easily. As the pounding gets heavier and faster, it becomes increasingly difficult for agents and companies to get into it casually, spasmodically or gingerly—without getting hurt and possibly clobbered. Only those strong, efficient and competent enough to deal with its special character, problems, processes and procedures will survive.

To illustrate, by no means all companies write workmen's compensation, and a comparatively small number of companies write a great deal of it. This drift has been steady over the years but it has been particularly marked in periods when WC was difficult to handle with profit—or without serious loss to the insurers writing it. It is also true that by no means all agencies write a large volume of WC, while relatively few agencies write a large volume and are what might be called experts in the field.

Even after 10 years of dramatic increases in automobiles, rates, and percentage of units insured, some agents have clearly demonstrated they are front runners in automobile and others have an indifferent amount of auto business of uncertain quality on their books. Quite a few agents (though a small per cent of all agents) know as much about the automobile business as the best underwriter with the best auto writing company. They are expert. They know the market, the underwriting, the coverage, the special problems. They understand their competition and are meeting it. They are meeting their competition in the selling, if not the price, field, and are getting new business and are growing. This trend of the business is especially marked in Massachusetts under compulsory where only agencies most interested in handling the auto problems of insured have come out of the successive (and frequent) tough underwriting periods with additional business.

Of course, many companies and agents are in the automobile business to protect other business, either because the agent needs the auto capacity and has to pay other lines to get it, or insured with a young driver gets accommodated because of the other business he places in the company.

In addition, the modern trend, which has been accelerating, is toward more cover in one package. With death and dismemberment and medical payments, the auto package for some time has included A&S. Certain companies will add auto to the dwelling package. One insurer is going the other way. Instead of offering auto as an optional coverage in the dwelling package it now is offering residence and personal liability insurance as optional cover in the auto package.

Thus, perhaps the company—and agency—which writes auto as a protective device will have, increasingly, the choice of getting on top of the auto business or quitting altogether.

PERSONALS

Vestal Lemmon, general manager of National Assn. of Independent Insurers, was awarded an honorary Doctor of Laws degree at the commencement of Morris Harvey College of Charleston, W. Va. The degree was conferred by Dr. Leonard Rigglemen, president of Morris Harvey, who cited Mr. Lemmon as "a recognized leader in the insurance industry who still finds time to be active in community and public service work."

M. M. Braidech, research director of the National Board, was presented the Ohio State university Benjamin O. Lamme medal for 1957 at the commencement exercises this week. The medal is for "meritorious achievement in engineering or the technical arts." Mr. Braidech received his degree in chemical engineering at Ohio State in 1925.

Albert E. Mezey, president of Hoey, Ellison, Frost, Mezey; **Sinclair T. Skirrow,** vice-president of Great American, and **T. Morgan Williams,** vice-president of Home, have been named directors of New York board.

George B. Leonard Jr., son of the Atlanta general agent, is one of the editors of *Look* magazine.

Ray W. Sweeney, manager of the metropolitan department of Home Indemnity in New York, has retired. He joined the company in 1939, after heading his own agency, which he founded in 1930, five years after he organized Keystone local agency of New York. He entered insurance in 1911.

Walter Schroeder, president of Chris Schroeder & Son agency of Milwaukee and head of the Schroeder chain of nine midwest hotels, has been honored by Marquette University which has named its new $3,500,000 men's residence "Walter Schroeder Hall." The building will be opened this fall and will house 600 students. Mr. Schroeder is a member of the board of governors of the university and assisted in its 75th anniversary fund raising drive.

Charles C. Clarke, midwest public relations director of Assn. of Casualty & Surety Companies, was married to Loralee Jane Holum in ceremonies at St. Peter Canisius church, Chicago.

Mrs. J. J. Wicker, wife of a partner in the Hunter Lyon general agency of Miami, grows orchids, and she took several beautiful blossoms to the convention of American Assn. of Managing General Agents in Miami Beach for friends to enjoy.

A. J. Clement Jr., Newark manager of North Carolina Mutual, has been appointed a member of the hospital advisory board of Martland Medical Center there.

Harry N. Smith, secretary of Aetna Casualty, and a veteran of more than 49 years with the group, has retired. He began his insurance career almost 50 years ago with Scotish Union, joined Automobile Ins. Co. in 1916, and went to Aetna Casualty when it merged with Automobile.

James R. McGowan, president of Thomas T. North Inc., Chicago independent adjusters, is spending three weeks in England visiting underwriters British companies which his company and officials of Lloyd's and other represents for loss adjustments in the U. S.

W. R. McCord, secretary Kentucky Assn. of Insurance Agents and Louisville board, underwent spinal surgery May 31. Mrs. Thomas Goode, administrative assistant, will handle affairs of the two organizations until Mr. McCord is back on his feet.

William B. Rearden, president of Loyalty group, has been elected president of Advertising Club of New Jersey, succeeding Milford A. Vieser, financial vice-president of Mutual Benefit Life.

DEATHS

LEONARD H. HART, 60, resident vice-president in Los Angeles for Sterling of Chicago, died. He moved to Los Angeles from the home office of Sterling several years ago, and continued with the company following its merger with Constitution Life.

OTTO E. BRYANT, 65, who operated the Bryant agency at Owensboro, Ky., died.

CHARLES G. ROSS, 86, chairman of Dale & Co. of Montreal, and past president of Canadian Board of Marine Underwriters, died there. He had been active in the business since 1886.

CHARLES E. FAY, 82, retired vice-president of Alantic Mutual, died at his home in Lake Worth, Fla. He was the author of *The Mary Celeste: The Odyssey of an Abandoned Ship.* Atlantic Mutual carried the insurance of the brig, which was abandoned by her crew under mysterious circumstances in 1872.

ROBERT C. REAM, 74, former president and chairman of American Re, died at his New York City home after a long illness. Mr. Ream was president of the reinsurer from 1928 to 1948 and chairman from 1949 to 1955, when he

retired. He was president and a director of the New York brokerage firm of Ream Wrightson & Co. and a director of Matthews, Wrightson & Co. Ltd., and he had been a director of Globe & Rutgers Fire.

A. TRACY LEWIS, 62, local agent of Chattanooga, died while on a business trip to New York.

G. BURTON MUCHMORE, 73, local agent at East Orange, N. J., for more than 50 years, died at his home there.

PARIS A. WALKER, 81, retired local agent of Knoxville, died in St. Mary's hospital there.

CHARLES H. WAINWRIGHT, agent in Hammond, Ind., since the early 20s, died.

Agree on Terms of Purchase by Chubb of Colonial Life

Terms have been reached in the offer by Federal for acquisition of the stock of Colonial Life. Under the proposal, approved by the boards of both companies, Colonial stockholders will receive four shares of Federal stock for each share of Colonial stock.

The offer will become effective after Securities & Exchange Commission gives clearance to a prospectus now in preparation. It is expected this will be concluded in June.

The transaction requires the approval of holders of two-thirds of Federal stock, and the exchange of 90% of the shares of Colonial.

Unless the time is extended by Federal's board, Colonial shares must be tendered for exchange no later than 30 days after the offer becomes effective. Federal reserves the right to reduce the required amount of tenders from 90% to 80% prior to expiration of the exchange period.

Presidents Richard B. Evans of Colonial and Percy Chubb II of Federal stressed that Colonial will continue to operate as a separate company under its own directors, officers and staff. Federal officers will be added to Colonial's board and committees, and Colonial officers will be added to Federal board and committees.

Potomac Insures Firearm Collections as Art Objects

Potomac has designed an all-risk fine arts inland floater policy to insure gun collections of members of National Rifle Assn. of America. Under the policy, collector firearms are regarded as art objects; coverage applies to any member's collection of firearms which are not fired and are not subjected to attendant risks of outdoor use, whether the collection is housed in a dwelling or building or is on display or in transit. Rates are $3 per $1,000 valuation per year or $7.50 per $1,000 for three years.

Chippewa Falls, Wis., Insurance Board is sponsoring a home inspection by school children and a poster drawing contest on fire inspection and fire hazards in the home. Cash awards will be presented for the three top posters.

Northeastern Moves HO to Des Moines

Northeastern of Hartford, which writes reinsurance exclusively, is moving its administrative offices from Hartford to Des Moines, 1017 Walnut street, effective June 21. Northeastern, which was chartered in 1915, as Rossia Ins. Co., has been part of the Olmsted group since 1949. The companies, headed by George Olmsted, are Hawkeye-Security, Industrial, United Services Life, United Security and Northeastern.

The removal of administrative offices from Hartford to Des Moines will not involve any changes in executive management or policy. Vice-chairman W. J. Langler and Executive Vice-president F. E. Amidon will continue as directors and will act in an advisory capacity.

W. L. Cobb continues as president. He is also executive vice-president of the other companies in the group, except United Services Life.

Wallace J. Burt Jr., vice-president; Kurt Urban, secretary and Donald Whitely, assistant secretary, are the key operating people and have been with the group for many years.

Northeastern had net written premiums of $9,675,724 in 1956 and assets of $14,316,200.

The **Utah Automobile Assigned Risk Plan** has moved to room 204 Executive building, 455 east Fourth street, south, Salt Lake City.

STOCKS

**By H. W. Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, June 4, 1957**

	Bid	Asked
Aetna Casualty	140	142
Aetna Fire	67½	69
Aetna Life	202	205
Agricultural	27½	28½
American Equitable	32	33
American (N. J.)	27½	28½
American Motorists	10½	11½
American Surety	18	19
Boston	34½	35½
Camden Fire	27¾	28½
Continental Casualty	92½	94
Crum & Forster com.	53½	54½
Federal	37¼	38¼
Fire Association	42½	43½
Fireman's Fund	53¼	54¼
Firemen's (N. J.)	34¾	35¾
General Reinsurance	51½	52½
Glens Falls	30	31
Globe & Republic	18	19
Great American Fire	35¼	36¼
Hartford Fire	156	158
Hanover Fire	36¾	37¾
Home (N. Y.)	39¾	40¾
Ins. Co. of No. America	105½	107
Maryland Casualty	36¾	37¾
Mass. Bonding	31¼	32¼
National Casualty	55	59
National Fire	80	82
National Union	35	36
New Amsterdam Cas.	47½	48½
New Hampshire	38	39½
North River	33¾	34¾
Ohio Casualty	22½	23½
Phoenix Conn.	67¾	68¾
Prov. Wash.	18½	19½
St. Paul F. & M.	63¾	65
Security, Conn.	29	30
Springfield F. & M.	44¾	45¾
Standard Accident	58	59
Travelers	84½	85½
U.S.F. & G.	70	72
U. S. Fire	26¼	27¼

Grier to Establish IM Department in Miami for Southern Indemnity

Robert W. Grier of Ackerman local agency of Miami has been named to establish an inland marine department there for Southern Indemnity. Prior to his association with the Ackerman agency, Mr. Grier was with Appleton & Cox, Wm. H. McGee & Co. and A. F. Irby & Co.

Casualty Engineers Meet at Ardsley, N. Y.

More than 40 engineers representing 30 casualty insurers met in Ardsley, N. Y., at the annual Administrative Engineers Conference sponsored by Assn. of Casualty & Surety Companies. The conference was mainly composed of panel discussions of "The Engineer & Other Company Departments," "Special Risk Problems" and "Improving Field Performance." A fourth panel was devoted to group discussion of administrative problems.

At a special evening session, the conference heard Myron A. Snell, supervising engineer of Hartford Accident, speak on the basic principles of the operation of Nuclear Energy Liability Insurance Assn. Progress reports were given by Thomas N. Boate, manager of the accident prevention department of the company association, and H. H. Allen Morris, Aetna Fire engineering department manager, representing the association engineering committee.

Butler to Ky. Department

Robert A. Butler, special agent for Home at Louisville, has resigned. It is understood he will be connected with the Kentucky department.

GAB Names Mobley in Elko, Nev.

General Adjustment Bureau has appointed Troy C. Mobley adjuster in charge of its Elko, Nev., office, to succeed Leo J. Weir, who has been transferred to Salt Lake City. Mr. Mobley has been in the Eureka, Cal., office for the past year.

Court Finds Insurer Was Writing Marine Lines; Books Don't Show It

Judge Steele of district court at Denver has ruled that an estimated $100,000 in marine insurance claims must be considered by the receiver for the defunct International Indemnity.

The books of International Indemnity do not reflect that the company ever wrote marine insurance. An attorney for claimants on the east coast, however, presented the court with photostatic copies of marine policies signed by Lawrence M. Schwab, the president, and Judge Steele said Schwab "deliberately concealed from the company's books he was writing marine insurance" and by "plan and scheme" concealed this from Colorado authorities.

There are now about $700,000 in claims against Schwab's company and the attorneys for the receiver say an optimistic estimate of available funds is about $280,000.

Evidence before Judge Steele indicated that marine writings were not reported in the annual statements of International Indemnity.

Schwab, who on May 9 was found innocent in a directed verdict in a case in which he was accused of converting a $6,000 premium check and applying it to a mortgage on his home, still faces a district court civil suit brought by Commissioner Beery, claiming Schwab converted about $500,000 in company money to his own use.

Hartford Fire Establishes Scholarship at Trinity

Hartford Fire has established full tuition annual scholarships at Trinity College. The scholarship grant will be awarded, beginning this year, to a freshman candidate. A new scholarship, known as "The Hartford Fire Insurance Company Group Scholarship," will be given each year.

It is planned that scholarship recipients shall have the opportunity to work at a regular salary for Hartford Fire during vacations and summer recesses.

Davis Named Loss Manager

Cincinnati has appointed Hayden D. Davis Jr. manager of the loss department. He has been for eight years in the adjusting field, having company and independent experience.

Lovell, Pascoe Adjusters Merge

The adjustment firms of Lovell & Co. and Pascoe Adjustment Co. in Cleveland were merged April 1 and the new firm is known as Lovell-Pascoe Inc. Branch offices are maintained in Canton and Elyria.

Lovell & Co. for the past 13 years specialized in auto, casualty and inland marine claims. Henry Lovell completed his 27th year in claims work.

Pascoe Adjustment was in operation only for the past year. George Pascoe entered the business with seven years' experience with Western Adjustment and North America. He has specialized in yacht surveys and adjustments.

Dowell Promoted in West by National Fire

John K. Dowell has been promoted to assistant manager of the western department of National of Hartford group in Chicago.


J. K. Dowell

Before joining National Fire as special agent in 1953, Mr. Dowell was with Michigan Inspection Bureau for three years. In 1954 he was transferred to National's Chicago office as marine special agent, and in 1955 he was advanced to assistant marine superintendent. He was made assistant agency superintendent in 1956 and assisted in production activities in the western department states.

New Zealand Opens Ariz. Office, Expands in Cal.

New Zealand has opened a new service office at Phoenix under the direction of Richard E. Morrow, state agent. Up to now, Arizona business of the company has been handled through general agencies.

The company has also expanded its Oakland, Cal., office, which handles business of the San Francisco East Bay area. Robert P. Causemaker, formerly head of the survey department in San Francisco, will direct the extended operation, assisted by E. Craig James, who will supervise casualty underwriting. Mr. Causemaker joined the company in 1948 as a fire underwriter, and had local agency experience prior to that time. Mr. James entered insurance in 1948 and obtained casualty underwriting experience in Zurich, Industrial Indemnity and National Fire prior to joining New Zealand. He has been in the San Francisco office.

New England 1752 Club Elects

R. A. Howard, Belmont, Berkshire Mutual, was elected president of New England 1752 Club, succeeding S. E. Freeman, Norfolk & Dedham Mutual. E. W. Burke, Shelby Mutual, is the new vice-president, R. J. Geary, Dorchester Mutual, is secretary, and M. R. Meikle, Lowell Mutual, treasurer.

Traffic Deaths Down 3% in First 4 Months

National Safety Council has estimated there were 2,930 traffic deaths in April—virtually the same as in the corresponding month of last year. April was the fifth month in a row in which deaths have been the same or fewer than during the same month a year earlier. Traffic deaths were down 3% for the first four months of 1957, with a total of 11,250 compared with 11,560 in 1956.

Ill. Brokers Plan Annual Golf Outing for June 27

Insurance Brokers Assn. of Illinois will hold its annual golf outing June 27 at St. Andrews country club near West Chicago. A dinner will be held in the club house and continuous entertainment is planned.

Chairman of the event is Wirt W. Stafford, assisted by Park L. Brown, H. H. Holcomb III, Glenn H. Koch, Robert Schollenberger, A. E. Lauer, Charles J. Haug, H. William Sadler and W. E. O'Neil.

Farmers Group of L. A. Names Pittenger V-P

Farmers group of Los Angeles has appointed R. M. Pittenger a vice-president. He has been in charge of public relations since 1948.

Allstate Opens Denver Office

Allstate formally opened its Denver regional office May 22 and 23 with an open house attended by executives from the home office. Among those on hand were Gen. Robert E. Wood, founder of Allstate and retired chairman of Sears, Roebuck & Co.; Calvin Fentress Jr., Allstate chairman; Judson B. Branch, president; Henry S. Moser, senior vice-president; J. E. Henry, midwest zone vice-president, and vice-presidents T. J. Spenker, G. H. Bartlett and A. E. Spottke.

The new office serves Colorado, Montana, New Mexico, Utah and Wyoming.

American Universal has appointed Nathan Mudge to the home office claims department staff. Most recently Mr. Mudge served as supervising adjuster at Providence for National Fire, prior to which he was with the claims department of Massachusetts Bonding.

NEWS OF FIELD MEN

History of Grand Nest Is Published

The "History of the Grand Nest," a 50 year record of Blue Goosedom is off the press and is available to members of Blue Goose without charge if written request for copies is made within 60 days.

The book relates the origin and evolution of the order and contains information on its founding not previously published.

Those desiring copies should write to Paul E. Rudd, Grand Nest Historian, P. O. Box 1022, Hendersonville, N. C.

Grain Dealers Mutual Names Four to Field

Grain Dealers Mutual of Indianapolis has appointed four new special agents.

Thomas C. Brink has been named to the Minnesota field. His insurance experience includes claim work with Trinity Universal and U.S.F.&G., field work with Lumbermens Mutual Casualty and a period in the local agency business. His father is a retired underwriter for Glens Falls.

Charles A. Fowler has been appointed special agent in Arizona. He entered insurance with Zurich in southern California and was transferred to the Arizona field in 1951 to open the state for that company.

Jay G. Heacock is Nebraska special agent. He operated an agency at Kearney, later was with American Hardware Mutual in the western Nebraska territory. He has been with Grain Dealers Mutual since late last year.

Samuel P. Ross is special agent in southern Texas with headquarters at Houston. He started with Illinois Inspection Bureau in 1948, later was with Travelers Fire at Peoria, and in 1956 went with Glens Falls at Omaha traveling western Iowa and Nebraska.

Aetna Fire Names One, Transfers Two Field Men

Aetna Fire has appointed Lawrence J. McNeany special agent in Illinois with headquarters at Rockford. He will be associated with State Agent D. E. Arenz.

Special Agent J. A. Whalen, who has been specializing in writing farm business in northeastern Illinois, has been transferred to an Iowa territory, and Special Agent DuWayne Morgan, who has been working with Mr. Whalen, will maintain offices in Rockford and service that territory.

Lagerquist & Co. Names Smith Fla. State Agent

Paul E. Smith, former special agent of Mill Owners Mutual in Alabama, Georgia and Florida, has been appointed state agent of Lagerquist & Co. general agents. He will travel the central Florida territory from headquarters in St. Petersburg.

Pelganti to London in Cal.

London Assurance group has appointed Harry Pelganti as special agent in the north coast territory of California with headquarters at Santa Rosa. He has been in insurance since 1934, most recently in the northern California field for National Fire.

Opens Office at Silver Springs, Md.

Ohio Farmers Indemnity has opened a service office at Silver Springs, Md., with Robert L. Waters in charge. Robert B. Kitchenman, special agent for Maryland and Delaware, will have headquarters in the new office.

Kansas Blue Goose Names Regier MLG

Kansas pond of Blue Goose had elected Frank Regier, Corroon & Reynolds group, MLG; Herbert J. Schoeppe, Loyalty group, supervisor; Dean B. Snapp, National Fire, custodian; J. Max Marshall, Phoenix of New York, guardian; William C. Bock, Royal-Globe group, keeper; O. D. Butcher, wielder, and Charles B. Frazier, Security-Connecticut group, captain. Mr. Regier and A. B. Schumacher, Aetna Fire, will represent the pond at the grand nest.

At the May meeting, eight goslings were initiated. Officers were installed by PMLG J. Y. Dickerson, Firemen's of Newark.

Hartford A.&I. Names Three in South

Hartford Accident has appointed three special agents in its southern department territory—William F. Ball in north Alabama, Frank W. Watson in central North Carolina, and Gordon W. Forbes in southwestern Florida.

Mr. Ball joined Hartford Accident at Houston in 1946 and subsequently was claims manager at Amarillo, Lake Charles, and Montgomery, before his appointment as a field man. Mr. Watson joined the company in Greensboro and later was assigned to Tallahassee and Columbia, S. C., in engineering capacities. Mr. Forbes went with Hartford Accident in 1946 at Atlanta, then served as special agent at Birmingham and Greensboro.

Illinois Field Men to Meet Next Week in Wis.

Illinois Fire Underwriters Assn. will hold its annual meeting next week at Nippersink Lodge, Genoa City, Wis. Blue Goose will have its meeting the evening of June 11, and the next morning the IFUA, under the direction of President James Streich, St. Paul F. &M., will have its business meeting and election and hear a talk by Dr. Lllewellyn Heard of Standard Oil.

The next day, IFUA will have a public relations report and hear a talk by E. J. Dirksen, secretary of Illinois Assn. of Insurance Agents.

Illinois Fire Prevention Assn. will meet June 13. The speaker will be R. E. Vernor, fire prevention department manager of Western Actuarial Bureau.

Four Are Advanced by Fidelity & Deposit

Fidelity & Deposit has promoted John K. Burkley Jr. from assistant manager at Cincinnati to underwriter in the home office contract department. He will be succeeded in Cincinnati by Grant P. Emerick who transfers from the Cleveland branch. Ernest Meneely II, special agent at Philadelphia, has been appointed assistant manager at Pittsburgh, and James J. Wilsterman, special agent at Pittsburgh has been appointed assistant manager at Newark.

Taddeo To Michigan

Lumbermens Mutual of Mansfield, O., has transferred Angelo Taddeo, field representative, to eastern Michigan with offices at Detroit. He has been in the western Missouri and Kansas territory.

Albany Field Club Elects

Albany Field Club has elected Joseph H. Nickson of America Fore president. Rodger Fritz of Fire Association was elected vice-president, Arthur Landry of Hartford Fire treasurer, and Roy Heymann of Great American Secretary.

The club will hold its annual golf outing June 21 at Normanside country club in Elsmere, N. Y.

Royal-Globe Divides Southern N. J. Field

Royal-Globe group has divided the Southern New Jersey territory between State Agent Joseph W. Ritger and newly-appointed State Agent John F. McCabe. Mr. Ritger had been in charge of the entire area the past 11 years. Mr. McCabe has been advanced from special agent.

A Robert Accorti, special representative of bonding in East Orange, has been named special agent in southern New Jersey.

Edwards Retires, Miller Is Named by St. Paul F.&M.

State Agent Frank J. Miller has assumed supervision of St. Paul F.&M.'s northern New Jersey field, succeeding Manager W. N. Edwards, who has retired. Mr. Edwards had joined the company as state agent at Newark in 1926.

Sears Appointed Ga. State Agent of North British

North British has appointed Richard D. Sears state agent in Georgia, with headquarters in Atlanta. For the past five years he has been a special agent of Liberty Mutual in Georgia and Florida. He succeeds G. Harold Forrester, who has resigned.

Beach Appointed Special Agent by Ohio Farmers

Ohio Farmers has appointed Phillip Beach special agent in northeast Ohio with offices in Cleveland. He has been dividing his time between the field and the home office casualty department.

McVetty Named Special Agent of Hanover Fire

Hanover Fire has appointed John S. McVetty special agent in Delaware, Dutchess, Orange, Sullivan and Ulster counties in New York. He will make his headquarters in Poughkeepsie.

A & S

Harold Walters Heads Illinois A&H Assn.

Harold D. Walters of the Walters agency of Bloomington was elected president of Illinois Assn. of A&H Underwriters at the annual meeting in Rockford. He is the first president of the Illinois association who has not been a member of one of the three regional organizations. He succeeds R. P. Miller, Loyalty group, Rockford.

President E. J. Coffey, Mutual Benefit H.&A., Portland, president of the international, addressed the sales congress in conjunction with the meeting.

Newly elected vice-presidents of the Illinois association are John Sonin, Central Standard Indemnity, Chicago, and Walter Meyers, General American Life, Rockford. William H. Eyre, Illinois Mutual Casualty, Peoria, is secretary-treasurer.

Mr. Walters for 20 years has interpreted the role of Jesus in the American Passion Play which is presented each spring at Bloomington.

Name L. S. Olson to A&S Post

Farmers Mutual of Madison, Wis., has appointed Louis S. Olson staff underwriter for A&S. He joined the company in 1949 and has been home office underwriting supervisor for Kansas, Missouri and Nebraska since 1952.

Appoint Hill Public Relations V-P

Association Ins. Co. of Milwaukee has appointed Orlo Hill actuary and vice-president in charge of public relations. He has been a public school principal in Hillsboro, Wis.

Palmer to Fund at Chicago

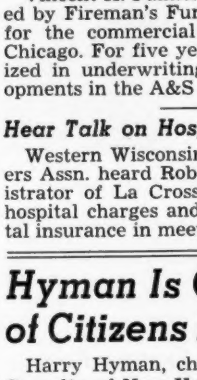
Vincent H. Palmer has been appointed by Fireman's Fund as special agent for the commercial A&H division in Chicago. For five years he has specialized in underwriting and sales developments in the A&S field.

Hear Talk on Hospital Charges

Western Wisconsin A&H Underwriters Assn. heard Robert Phelps, administrator of La Crosse hospital, discuss hospital charges and the role of hospital insurance in meeting them.

Hyman Is Chairman of Citizens Life, N. Y.

Harry Hyman, chairman of Citizens Casualty of New York and head of its finance committee, has been elected chairman of Citizens Life, affiliate of Citizens Casualty.



Harry Hyman

Mr. Hyman has been in insurance since 1911, when he joined the New York brokerage firm of A. Hyman & Son founded by his father. In 1913 the firm reached the then considerable height of life sales by being named to the Hundred Thousand Dollar Club.

One incident Mr. Hyman recalls from his 45 years in the business is the negotiation of a reinsurance contract with London Lloyds and the founding of Salvage Adjustment Corp., which since it was organized in 1923 has specialized in handling all types of claims in behalf of the London market. Mr. Hyman is president of the adjustment organization.

• • •

Having prepared by mail and cable to make his first visit to London in 1923, Mr. Hyman booked trans-Atlantic passage for himself and for the president of a New York casualty company in whose behalf he was to consummate a reinsurance contract.

On the eve of the trip a cable arrived from the agency through which Mr. Hyman had made his arrangements in London. "Cancel your trip," it read. "The underwriters are not interested in your proposal and will not see you." He went anyway—and came back with the contracts and all expectations he had had before the cable arrived—completely fulfilled.

Mr. Hyman, whose group acquired control of Citizens Casualty in 1935, is also a director of Agency Managers Limited, New York, casualty reinsurance managers for a group of American companies. He is a director of United Jewish Appeal, and is chairman of the Israel bond drive for the insurance division of New York.

Error in MFA Mutual Listing

In the listing of companies' 1956 results in the March 7 issue, an incorrect figure was shown for hospitalization earned premiums for MFA Mutual. The correct figure should have been $1,596,987.

American Mutual Alliance Elects Burhop

(CONTINUED FROM PAGE 1)

indemnity legislation; Director Joseph S. Gerber of Illinois, who spoke on "Our Common Problems;" Robert C. Holland, Federal Reserve Bank of Chicago, who reviewed the credit situation in business; Rev. Carl S. Winters, Oak Park, Ill., who analyzed human relations; Harry L. Wylie, Pure Oil Co., who discussed management evaluation, and Dr. Ancel Keys, University of Minnesota, who talked on the incidence of coronary disease among executives.

A special feature was a panel discussion of management problems in multiple line operations, moderated by C. N. Jacobs, Hardware Mutuals. Panel members and their topics were: E. C. Ellis, Federated Mutual Implement & Hardware, and G. W. Hopkins, Iowa National Mutual, production; F. F. Alexander, Liberty Mutual Fire, and J. D. Cox Jr., Berkshire Mutual Fire, underwriting; F. W. Braun, Employers Mutual Liability, and C. M. Rowley, American Manufacturers Mutual, engineering; and F. E. Binninger, Indiana Lumbermens Mutual, and C. H. Cox, Celina Mutual, claims.

In his talk, Director Gerber asked company support in urging that state departments receive a fair share of receipts, so that they can retain the skilled personnel they need. At present pay levels, he said, states cannot hire competent actuaries and must pay clerks' salaries to examiners.

• • •

Sen. Anderson reviewed the development of atomic energy and its insurance problems. He pointed out that while insurers by pooling their resources have been able so far to offer coverage up to $50 or $60 million to cover nuclear reactor accidents, it is conceivable that injury to persons and damage to property caused by accidental release of radioactive materials from a reactor into the surrounding countryside could run anywhere from $500 million up to $5 or $6 billion. To combat this possibility, Sen. Anderson advocates passage of a bill now before Congress to enable the federal government to act as an excess insurer up to $500 million, when damage results in excess of the resources of insurers.

"The theory of our bill is this: In the event of accident, insurance pools will pay out up to the amount of coverage carried by the reactor operator," Sen. Anderson explained. "If the accident exceeds the amount of private insurance taken by the licensee, then the federal government will pay the legally established claims up to a maximum of $500 million. If the total claims should exceed the amount of private insurance plus the $500 million government indemnity, the bill provides that the reactor operator's liability shall be limited at that point, and the claims apportioned." Funds could also be appropriated by Congress to take care of additional claims in event of a serious public catastrophe, he said.

Dr. Keys used various statistics to disprove the commonly accepted belief that executives are more susceptible by virtue of their occupation to ulcers and high blood pressure than is the general population and to indicate that executives and unemployed persons have only a slightly higher rate of heart attacks (coronary disease) than among others. He said studies indicate that American men have less prospect of surviving to retirement age than those in most other civilized countries, not because they are executives, but because they are Americans and therefore generally consume a high fat diet, the apparent cause of coronary disease.

H. C. Thorn, Chairman of American Cargo War Risk Re, Retires

Henry C. Thorn, New York vice-president of North America, has retired as chairman of American Cargo War Risk Reinsurance Exchange and as chairman of its underwriting committee.

Mr. Thorn helped found the exchange in 1939, at which time he became chairman of the underwriting committee. He was elected chairman of the organization in 1950.

Fellow members of the exchange, at the annual meeting held in New York, adopted a resolution paying tribute to Mr. Thorn's "strong and clear-thinking leadership" as chairman of the underwriting committee, especially during World War II, "when underwriters met daily, ofttimes twice a day, to consider the ever-changing problems."

To succeed Mr. Thorn, the exchange elected William A. Bonner, vice-president of Federal, and former vice-chairman. W. I. Plitt of Atlantic Mutual was elected vice-chairman and Harold Jackson of Wm. H. McGee & Co., deputy vice-chairman. Frank B. Zeller of Royal was named to succeed Mr. Thorn as chairman of the underwriting committee.

The annual meeting concerned itself with a review of the year's operations in which it was noted that the principal problem was the Suez crisis.

Harvey Urges Permanent Campaign to Get Cover Up to Value, Questions Credits

One absurdity that has crept into the insurance business has been the lack of attention to proper insurance to value, Lester H. Harvey, president of New Hampshire group, told the annual convention of American Assn. of Insurance Agents in Miami Beach. The companies are advertising to acquaint the public with the realization of what they would lose if their homes or property were destroyed by fire. He said he hoped this would eliminate underinsurance—but he doubts it. It will be eliminated to a degree while agents cooperate in this drive to increase the amount of insurance.

This must be a permanent drive, he declared. This is much more important than increased rates.

There seems to be a lot of thinking against graded rates on dwellings, but to increase the rates across the board would be an injustice to insured carrying insurance to value, he observed. The package policies are intended to be written nearer the true value than heretofore and unless they are, present loss ratios will only increase.

• • •

In property other than dwellings the use of the coinsurance clause is supposed to assure the companies that they are writing a reasonable amount of insurance, but that is not always so, for adjusters have become careless, probably encouraged to be so when a loss is less than 5%, and have not given enough attention to the value. The business cannot force an appraisal in adjusting a small loss, but why shouldn't tne adjuster ask insured what the value of his property is. After all, insured is supposed to be filing a proof of loss. Most people are honest and would give a reasonable figure. Recently New Hampshire had a loss where insured, shortly after the loss occurred, had his property appraised in order that new values could be filed with the rating association. The appraisal showed him to be greatly underinsured and a coinsurer. Result—he immediately increased his insurance.

If adjusters properly adjusted such losses, it would show up serious underinsurance, and the agent could try to get it up to value.

Some companies are dropping dwelling policies under a certain amount. But Mr. Harvey feels that there are seasonable risks in certain areas that can be written at a profit where the insurance does not total $5,000. One answer to the dwelling property problem is a large increase in the minimum premium; base it at an annual rate and write the term premium at the proper multiple of that established premium. It is bad public relations, he suggested, to preclude the owner of a dwelling from protection when he doesn't wish to carry more than $5,000 insurance. Certainly, if a large number of companies refuse to carry these small amounts of insurance, the rest of the companies cannot afford to carry them.

• • •

Agents will not agree with this, but he suggested commissions be reduced on these lower amounts of insurance. This would serve three purposes, he said. It would not deny insured the cover, it would give those companies that want to help out a chance to break even, and it would encourage agents to see that the amounts of insurance are increased so they may receive higher commissions.

Another absurdity is to encourage lower insurance to value by rate credits. Rates are supposedly established by experience. If companies have to have insurance to value to make a profit, why reduce the flat rate every time it is felt a rate reduction is in order? Improved protection throughout the country has kept a larger number of losses from becoming serious or total. Therefore, hasn't the business increased the credit for coinsurance rather than lowered the flat rate, in order to get the proper coinsurance rate? As the construction of a building or the sprinkler protection improves, the companies have given a greater credit for coinsurance. But the flat rate for sprinklered property, in many cases, perhaps is no lower than the unsprinklered flat rate, and that makes sense.

Another absurdity is free insurance,

Mr. Harvey declared. The companies haven't asked the help of the agents in this, nor have they convinced the agents that this granting of free insurance is costly to them as well as to companies. The rule that allows a policy to be returned "not wanted" after it has been in force a few days has led to abuse of the privilege. Certainly the cost of a policy—putting it on and taking it off our books—has doubled the cost of the company operation, but at the same time the agent's expense has increased with more clerks, more postage, etc. The direct writers do not have this expense. It is a challenge to help eliminate this cost. Agents and companies are in the same boat.

Another absurdity is the extension of the term privilege to all classes without an adjustment in the rate, he said. True, there was something discriminatory about denying the term privilege to insured who owned a stock of merchandise in an unsprinklered building and allowing him credit for the term privilege when he put in sprinklers. But the term privilege was extended to thousands of insured at the same time the privilege of paying for insurance under the installment payment plan was granted. Thus, in effect, the business allowed a big reduction and permitted writing on an annual basis. Many risks in the old days were not written for a term because the annual rate was so high that the term cost was prohibitive. Generally speaking, the classes that could only be written at annual rates were on high loss ratio classes, and because they could be written for one year only, the theory was that it gave the company and agents an opportunity to look them over more often. But the installment premium, coupled with the term privilege stopped all that, and helped to cause the high loss ratios of 1956, because of the tremendous reduction in the income of the companies. True, some risks were entitled to lower rates, but the inclusion of these risks at term rates with the premiums on the installment plan reduced company income 20% on these risks, and a reduction in the over-all premium was sufficient to put its operation in the red.

• • •

Another absurdity is the evil of increased commissions. There seems to be no top to what some companies will pay. Agents are entitled to a reasonable commission, he said. But agents ask why it is a certain company wishes to pay them more commission when companies report such staggering losses. Mr. Harvey couldn't answer, except to say that some companies seem able to find more than 100 cents in a dollar.

Managing general agents can do a great deal to help correct some of the evils, he said. Agents like doing business through a managing general agent because of his influence locally.

General Agents Hold Annual Parley in Florida

(CONTINUED FROM PAGE 16)

areas special equipment for handling granary fires and salvage; in New England special personnel familiar with the shoe field and in New York those expert in clothing values. The company is the official auctioneer for the federal district court in southern New York.

Among the interesting developments in connection with National Board's advertising campaign has been the amount of support it has had from outside the business, particularly from commercial and savings banks and from newspapers and magazines, and the fact that it is an easy and almost inevitable transition from a discussion of the proper amount of insurance to the proper kinds of insurance, Mr. Westervelt said. Consequently, better as well as more insurance has resulted.

The campaign has had real cooperation from agents, he added. Agents purchased 478 radio transcripts for use locally, which is four times National Board's coverage; they purchased 47 sets of TV commercials for use in localities not covered by National Board, and took 3,541 sets of the advertising mat kits for newspapers.

The full impact of the campaign will be felt for months to come, he declared. Agents' reports indicate that the campaign has made solicitation for the agent generally easier.

In the old days, Mr. Lyons said, general agents and companies had great respect and loyalty for each other, but some of this has been lost—due to eagerness to get business and unfair competition. Casualty companies, he believes, eventually will be the general agent's salvation. About 70% of his general agency's writings today is casualty.

With heavy underwriting losses, if the stock market had a bad recession, many companies would be badly crippled, he said. He doubts there will be much relief in automobile losses for the next few years because of the rising tide of automobiles, the high commissions paid on the business and the fact that auto PHD is a maintenance coverage.

He suggested that there are too many mass meetings in the business and too few individual decisions. General agents have neglected their agents; they have also appointed many agents who should not be in the business.

The general agent is important to company, agent and insured, he declared, more so today than ever before. He is familiar with his back yard, he can help the company with local and political problems, he can help his agents with reinsurance, and he can operate with much less expense than a branch or home office.

He urged agent, general agent and company to concentrate on building surpluses, and said that the general agent is going to have to underwrite each policy, analyze each agency, more than ever before—if he is to stay in business and continue to prosper.

The good general agent has survived depressions and prosperity and will survive the current wave of selling out to companies, Mr. Leonard declared. He is in a more favorable position to serve the companies, agents and public than ever before. It is conceivable, he suggested, that in the fight between captive and local, independent agents, the general agents will contribute the key defense of the agency system. Small and medium sized companies constitute one of the bulwarks of the future for the insurance business, they fill a real need—and they need general agents.

General agents offer production, supervision, underwriting, accounting and other services and they can help correct the current underwriting losses. However, he said, general agents have been pretty quiet. They need to come up with ideas and suggestions to help, and he urged appointment of an advisory council of AAMGA to study current conditions and report to American Insurance Assn. and NAIA. The managing general agents are writing $300 million in premiums a year of more than average profitability, he concluded.

Mr. Brundick in his presidential re-

(CONTINUED ON PAGE 34)

Handling of Back Cases Shows Weakness of WC

(CONTINUED FROM PAGE 15)

tive influences take hold depends on the strength and maturity of the patient's personality. One group, in spite of severity of the injury, will compensate or perhaps overcompensate for it and make full social, psychological and emotional adjustment. Another group will be completely overwhelmed by the disability, fail to adjust and eventually slough into psycho-social and economic maladjustment.

How does the individual with low-back pain respond? The grieflike emotions which accompany severe injury are absent; anxiety is usually centered around fear of unemployment or fear of inability to work. The desire for revenge or a scapegoat is equally strong if not stronger. The physical symptoms may evidence not only physical disease but also a disturbance in the patient's emotional life. Disappointment, chagrin, inadequacy may be sublimated into a symptom which is itself produced by emotional disturbance, or if there is a physical etiology it is exaggerated or unduly prolonged because of the emotional overtones.

What was at one time a fashionable adjustment to frustration, particularly among women, the headache, has been replaced by the less fashionable but durable theme of backache. With such a large portion of low back cases occurring among older workmen (over 60% of all such cases), Mr. Zucker wonders if low back pain is a manifest symptom of the male menopause.

The importance of low back pain in the New York WC program is evidenced by the fact that in 1930 the number of injuries to the trunk, in terms of compensated cases closed, ranked third, with 18,000. By 1950 trunk injuries rose to more than 30,000 and became the No. 1 part of the body injured. This rise, incidentally, occurred during a period when injuries to other parts of the body decreased.

In addition to being a major source of injury, low back cases in New York have long periods of disability. Back injuries involving soft tissue averaged 46 weeks of disability and those with bone injuries averaged 232 weeks of disability.

Because in private practice the estimated convalescence for soft tissue back injury is from three to six weeks, compared to 46 weeks in WC cases; and because in private practice convalescence for bone injuries is three to six months, compared to 58 months, Commerce & Industry Assn.'s workmen's compensation committee, under Chairman Oliver T. Clayton, manager of the employe accident and claims division of Esso Standard Oil Co., sponsored in 1955 an analysis of back injuries. The study was directed by Dr. Henry H. Kessler, medical director of Kessler Institute for Rehabilitation. The study was undertaken with the cooperation of Self Insurers Assn. of New York. All told, 160 cases were analyzed, chosen at random from open and closed cases in the files of self insured employers and mutual and stock insurers.

• • •

Mr. Zucker pointed out that the management or lack of management of these low back cases may be due in part to the exigencies of the New York law, since the New York WC system is a classic example of the 20th century confusion between laxity and liberality, he declared. It is a remarkable study in the discrepancy between money paid and value received. With unlimited medical expenditures, a completely free choice of physicians, a hearing system, and legal presumptions overwhelmingly weighted in favor of any claimant, the injured workman is apparently isolated from the advancements of medical science and modern rehabilitation techniques. Undoubtedly progress in improving the WC system is retarded by the overwhelming costs of doubtful claims and the expense involved for insurers, employers and the state in administering the law.

Among the findings of the study was that 78.7% of all the cases had lost time of more than 38 weeks, and 32.4% of the cases had a pre-existing back condition, dating from before the disability at issue. This is consistent with the concept of degenerative disc changes.

An appallingly large number of physicians were called in to examine and treat the patients—in some instances there were as many as 20 on a single case, a number far in excess of that customary for non-industrial cases. The study revealed inadequate diagnosis.

One could expect that the older age group would be more likely to have prolonged disability than the younger age group. The study showed that 61.6% of the claimants were over 40 at the time of the disability. The larger portion of long-term cases fell in the lower economic group—35% of the long-term disability cases received wages of less than $50 a week, compared to only 12% of the short-term cases.

Significantly, a greater proportion of individuals with short-term pre-accident employment records had a long term of disability, while individuals who had a pre-accident employment record of 10 years or more provided substantially more of the short-term disability cases.

One significant finding, he said, was that 40% of the long-term cases never returned to work. No society can afford this waste of manpower.

Diagnosis in 20% of the cases was consistent with degeneration of the lumbar intervertebral disc; while the remaining 80% was characterized by the presence of an anxiety state. Clinical evaluation of these cases revealed the bankruptcy of medical diagnosis. Although all the tools of medicine were available and used, the cases were characterized by isolated and one-dimensional observation, by luxurious waste and conspicuous consumption of medical talent.

The "compensation system" must be indicted as the principal factor responsible for the prolongation of symptoms and the production of much of the neurotic behavior on which the prolonged disability was based.

What does this signify? Dr. Kessler's analysis was perhaps less a study of 160 low back cases and more a study of the New York compensation system. A system which with free choice, unlimited medical care, interminable hearings, payments made on subjective complaints based solely on pain, the buildup of permanent partial disabilities and the aggrandizement of claims by hearing representatives, has constructed a Colossus which could get out of control. It is a system which with all the modern techniques of medicine available saw individuals with

Texas Department Reports Status of Insurer Licensing

AUSTIN—Relicensing of 143 insurance companies operating in Texas was held in abeyance pending corrective action, according to an announcement by the board of insurance commissioners with the passing of the May 31 deadline. Practically all of them are expected to qualify, it was added.

The 143 unlicensed insurers include 40 Texas legal reserve life companies, 61 muutal assessment firms and burial associations, 27 foreign life companies, 12 foreign fraternals and three fire and casualty companies.

Chairman John Osorio, who is to be replaced when Gov. Daniel names his new reorganized state board of insurance, said all but six of the mutual assessments and burial associations could be relicensed by submitting corrective material, with those six already being under show-cause orders to appear before the board. He listed as questionable one of the three fire-casualty companies.

Mr. Osorio emphasized that the board "is merely taking precautionary measures" in calling for up-to-date statements of financial condition and the replacement of certain bonds of questionable value in investment portfolios, with bonds of at least one municipality and three colleges being on the unacceptable list.

Mr. Osorio and Commissioner Mark Wentz resigned on passage of the reorganization measure but are obligated to stay in office until their successors are named. Gov. Daniel is expected to sign the new law during the coming week and to announce his appointments at the same time. Joe P. Gibbs, third commission member, is a Daniel appointee for temporary duty on the board.

long periods of disabilities and little or no utilization of early referral for rehabilitation.

The efficacy of a workmen's compensation program is not to be measured by the millions of units of mail processed, the conduct of hundreds of thousands of hearings, and the millions of dollars paid out in benefits, Mr. Zucker declared. Rather it should be judged by the calibre of medical treatment and the rapidity with which workers are returned to employment, to the greater welfare of themselves and the general economy. If the New York system is analyzed on the basis of effecting prompt use of modern medical care and procedures of rehabilitation, there is much left to be desired. Nor can the New York system be decorated for its capacity to distinguish between the honest injury and the exaggerated claim, certainly not when it is found that a worker represented by counsel or a claims representative can get exactly six times the amount in temporary disability cases than if he acted without counsel.

The promotion of litigation and controversy are not conducive to early return to employment, he said. Adequacy of the WC program should be measured in terms of the effectiveness in restoring the worker to earning higher wages at full time. Modern medical science has led us to expect that the severity of disablements should be lessened and the length of time lost be reduced. Such a trend is not evident.

On a dollar basis the WC system, at least in New York, is more than adequate. On other scores it is sadly deficient, he concluded.

Security-Conn. Appoints Three in Louisville

Security-Connecticut group has appointed John W. James Jr., manager, William A. Thayer assistant manager and Harley E. Walker superintendent of casualty, fidelity and surety underwriting at Louisville.

Mr. James has been with the group since 1946. He started as production manager of Connecticut Indemnity in Louisville. Mr. Thayer joined the group at the home office in 1946. Assigned to Louisville in 1948, he was appointed a special agent, first in Georgia, then in Kentucky, prior to being appointed office manager and subsequently superintendent of underwriting in Louisville.

Consolidate Staffs of Ia. Farm Bureau Insurers

DES MOINES—Iowa Farm Bureau Federation has consolidated the operating staffs of its insurance companies, Iowa Life and Iowa Farm Mutual. Dean Mitchell, who has headed the life company for four years and before that was manager of Iowa Farm Mutual, is general manager of both companies. Vernon Ahlen, manager of Iowa Farm Mutual, has resigned.

Walter Bishop is assistant to the general manager; Wayne Smith is sales director; Harlow Staley is actuary; Wallace Bidleman is underwriting secretary, and Fred Swinton is claims manager.

Kemper Agency Opens New Unit

James S. Kemper & Co. agency of Chicago has established a special risks department with Robert T. Howe as manager and T. E. Dunne as assistant manager. Mr. Howe has been in insurance for 37 years, for 14 years in charge of the Kemper agency's automobile department. Mr. Dunne joined the agency in 1953.

B. J. Sullivan has been named manager of the automobile department succeeding Mr. Howe. He has been with the agency for 10 years, the last four as assistant auto manager.

D. C. Rating Bureau Elects Ewald of Great American

Insurance Rating Bureau of District of Columbia at its annual meeting elected American Equitable, Firemen's of D. C., Aetna Fire, and Pennsylvania Lumbermen's Mutual to fill vacancies on the governing committee.

Walter R. Ewald, Great American, was elected chairman of the governing committee; Arthur F. Herman, Home, vice-chairman; Harold Osterlund, Travelers Indemnity, chairman of executive committee, and William E. Cassidy, America Fore, vice-chairman executive committee.

Kenneth R. Underwood was reappointed bureau manager, and George F. Allebach was named chief engineer.

Thomas T. North Opens New York Branch Office

Thomas T. North, Chicago adjuster, has entered New York and has set up a branch office in New York City at 11 Park place. Manager of the New York operation is Sherman Thursby.

This is the first move in the expansion program of the 45-year-old company which began as an adjuster for automobile lines at Chicago in 1911 and now handles all lines. President James R. McGowan has been with North for seven years and has headed the company for three years.

Brashears Assistant V-P of Pan American Group

James W. Brashears has joined Pan American Fire & Casualty and Pan American of Houston as assistant vice-president and assistant agency director. He has been with Superior for eight years, most recently as assistant secretary and assistant to the vice-president in charge of agents. His early insurance training includes experience as adjuster, local agent, and special agent. He has been active in some phase of insurance since 1938.

D. C. Area Agents Hear NAIA Ad Campaign Details

Three agents' groups held a joint session in Washington, D. C. to hear details of and discuss the advertising campaign of National Assn. of Insurance Agents—District of Columbia association, Prince Georges-Montgomery County (Md.) association, and Northern Virginia association.

Executives of Doremus & Co., New York advertising agency, described the program and showed slides and films.

Travelers Names Smith Nashville Claim Manager

Travelers has appointed Roy B. Smith claim manager in Nashville. He joined the company in 1930, and since 1951 has been supervising adjuster at Chattanooga.

Boston Advances Pratt

Boston group has appointed Richard W. Pratt bond production underwriter in Connecticut, Rhode Island and southeastern Massachusetts. He has been with the group since 1955.

Fire premiums on business written in North Carolina would be taxed 1% under a bill calling for the creation of a new firemens' pension fund to be governed by a five-member board of trustees which would include the state insurance commissioner.

Charges Business 'Led Down Path to Losses'

(CONTINUED FROM PAGE 2)

posed the present classification plan for automobile BI and PDL in 1953, even though it had approval in 25 states. He was accused of impeding uniformity which NAIC had supported as being desirable. The basis of the filing, he stated, was judgment—"judgment as to whether people were more emotionally upset at one period of their lives than another, or whether a boy assumed an adult view of his responsibilities at 21, 23 or 25. Upon these basic judgment factors were presented rates developed by judgment, so we have judgment on judgment with no known facts or experience, simply theory." The battle for auto classifications in Oregon was lengthy, he said, but "it appeared that logic was to prevail until one of the strong proponents said: 'Commissioner, there is nothing in your statutes that gives you the authority to deny us our inherent right to be wrong. We have the approval of 25 other states and we are simply using our judgment as provided in the rating law, and if you will not accept our judgment, we will have to ask the courts to over-rule you."

• • •

After a conference with the attorney-general, Mr. Taylor said, the classification and similar filings were approved because the attorney-general felt that the department did not have the authority to deny them the right to be wrong.

"At that point," Mr. Taylor said, "I realized that what was formerly flexibility in the law, was for all purposes a gaping hole and state regulation as it pertained to rates. The companies have peered through this hole and have seen a whole new concept of rating their business for competitive purposes. It was possible to hang a few new gadgets or gimmicks on their old forms, give them new names and push them through the hole, and they were in business. Adequacy of rate had no meaning because it was just a matter of judgment, and the commissioner's judgment could not be successfully substituted for that of the filing companies.

"The next move is to change the forms and come up with new names before statistics have had an opportunity to ripen, in order to be able to continue to base all rates on judgment. The policyholder today has more gadgets in his insurance policy than he has in his kitchen, and he is finding more uses for them than his wife finds for the attachments to her vacuum cleaner. We have formed a new concept of what insurance is for. Insurance against catastrophe and shock losses which would inflict major financial distress are the meat of the policies, but they are dressed up to include and cover the trifling annoyances of life and to remove the every-day occurrences which normally are considered maintenance and cost of living, and are sold to perform these fringe benefits.

"The insurance industry is suffering, but not enough at the present time to give up the expensive little trinkets which they have been hanging on their policies. They do not wish to go back to the old-fashioned insurance, or to take up the archaic practice known as underwriting. That they do not wish to underwrite is understandable, as there is no one who knows how to underwrite a policy of insurance when he does not understand what the policy covers."

Mr. Taylor chargd that the old adage, "You can insure anything for a rate," has given way to the theory that anything can be written if there is enough volume. Volume has become all-important, "because volume is the measure of the company's relative position in the industry. Quantity and not quality is the all-important thing to the insurance companies. The companies feel that they must maintain their relative position industry-wise against the mutuals, and the agency companies against the direct writers. It all makes for a good competitive insurance market as long as the soundness of the business is not endangered as it is today."

The mutuals have fared better in the highly competitive years than the stock companies, Mr. Taylor said, and he predicted that they will in the end move up the ladder of percentage of total business written. Competition between the various segments of the industry is in a large part responsible for the present dilemma, he declared. The stock companies led the way and forced the rate levels down to the point that some mutuals were forced to reduce dividends to policyholders, "which I believe was the original intent of the stock companies when they made their first move."

Urge Exemption of Stock Insurers from SEC Laws

(CONTINUED FROM PAGE 2)

of the business, the possible use of inside information to profit from short-term transactions in insurance company stock is not comparable to that in the case of other types of corporations.

HIAA said the procedures proposed by the bill would require additional expense and effort by insurers and SEC. There can be no justification for this expense and effort if such a proposal superimposes regulation on already satisfactory and competent procedures. Insurers now are regulated closely by state laws enforced by state supervisory authority and are subject to regular examination by experts. Company records and activities are open to official scrutiny.

Discussing the comprehensive supervision provided by state regulation, HIAA pointed out that Congress, in passing the McCarran-Ferguson act, declared that state regulation of insurance was in the public interest and should be continued. No facts have appeared since that time to justify any change in this philosophy.

• • •

In a report filed with Senate banking and currency committee in February, HIAA continued, SEC did not find that the present procedures and methods used by insurers are detrimental to their stockholders. The report was based on a study by SEC of the financial reporting and proxy solicitation procedures of 169 insurers which would be subject to the provisions of the proposed bill.

HIAA said SEC's study is limited and covers neither insider trading nor adequacy of state supervision and regulation as a method of protecting the public, including both stockholders and policyholders. "The only basis for the commission's conclusion," HIAA said, "seems to be that the insurance companies do not follow Securities & Exchange Commission procedures."

General Agents Hold Miami Beach Convention

(CONTINUED FROM PAGE 28)

port emphasized that today's conditions present an intensified challenge to the general agency system. It is time to develop further the favorable features of the local, independent agency system and not dwell on its weaknesses. He urged general agents to watch expenses, underwrite, and get back into the insurance business. They should relieve their companies of more detail and assume responsibility for underwriting results.

Mr. Battles said that NAIA is not asking the general agents for money but would like their support with agents in connection with the advertising program. Mr. Brundick replied that the general agents will back the campaign 100%.

• • •

Mr. Colls, who has specialized for 10 years in placing Canadian and U. S. business in the London market, discussed surplus, stop loss and special covers for special problem risks. The tremendous postwar expansion in the U. S., plus inflation, placed a strain on the American insurance market, he said. Much fire surplus cover was placed in London. The same influences affected casualty except there were the added hazard of new industrial processes and the steady trend toward higher awards. Consequently, insured wanted much higher limits than ever before. Today, despite increased retentions by American insurers, some of this surplus business finds its way abroad.

Stop loss provides upper limits of insurance for industrial and other concerns with a basis of self insurance to take care of their own attrition losses. While this is frequently written in workmen's compensation, it is also done in fire, usually with catastrophe cover in addition.

For the unusual problem risk there is little or no domestic market, he suggested. This is the unusual risk and/or the usual coverage. The London market is especially skilled in this field. For example, an American air conditioning manufacturer ran into dealer resistance to buying normal supplies of conditioners in advance of the season for fear that May and June might be cool and many persons would put off buying another season. The manufacturer arranged for coverage in London that would pay dealers an adequate compensation in relation to the business they would have done if May and June were warm—in case the temperature in those two months averaged three degrees below the average in their localities for the preceding 10 years. Now the dealers readily purchased stocks in normal quantity.

The excess line market is available to general agents as an auxiliary to their regular insurance services, he pointed out.

• • •

R. G. Bachman of General Adjustment Bureau told about GAB's new assessment system of billing companies for the handling of losses, effective July 1. There will be no charge for no payment losses; the cost here is loaded into the other loss schedules. GAB will supply companies losses by class for annual statement purposes. General agents, who often have reinsurance, can use the loss range percentage schedule so they will handle losses only once. The same percentages also will be used on contingent contracts, though many companies—and more will do this—will work out with general agents and local agents national average factors for these contracts.

GAB will save an estimated $2 million a year under the new system, Mr. Bachman said. However, the big savings will be by the companies. One company has estimated the new system will save it $10 million a year. The system will not be used on casualty or catastrophe losses. There is a separate schedule of catastrophe percentages. There is some hope the assessment system can be used on casualty claims but GAB had 100,000 casualty losses in 1956, about half property damage and the other half spread over nine clases, which means too few in each class for credibility.

Barney Vanston reported for the development committee, set up two years ago to promote increased activity by younger members of AAMGA. He submitted a plan calling for participation by such members in the 1958 convention program, either by having one of the younger members make a talk or having several participate in a panel.

Mr. Vanston also read the report of Gus T. Brannon of Durham, N. C., chairman of the executive committee, who did not attend because he has sold his agency.

F. W. Brundick III of Jacksonville gave the membership committee report, which shows four new members and 11 resignations leaving a total of 1812. A. W. Marshall reported as national councilor and Harry E. Cragg of Wheeling presented the memorial committee report.

Arne Fougner, president of Christiania General, expressed the appreciation of non-member guests who had been invited to attend.

Tells How Bureau Keeps Rates Up to Costs

(CONTINUED FROM PAGE 1)

rates up to insurance costs, Mr. Leslie noted that since the beginning of 1953 the bureau's automobile statistical plan has required the reporting of experience in such form as to permit detailed compilations to be made on either a policy year or a calendar-accident year basis. Compilations on both bases have been made and are now being studied to determine the comparative worth and merit of each.

The calendar-accident year basis would possess the advantage of revealing trend within the experience period more accurately and of permitting the use of fiscal year experience periods ending other than Dec. 31. This would enable the bureau to bring the experience closer to the actual rate revision date in each state. This move has been made possible by improvements in machine equipment. He cited this as one example of ways in which the bureau constantly is striving to improve its statistical and rate making procedures.

However, the rating committees are furnished with sufficient information to determine rate levels which, in the judgment of the members, will be adequate for future use. In the direct damage lines of burglary, glass and boiler and machinery, which do not involve long deferred claim liabilities nor the problem of varying limits of liability, this is comparatively simple. Here, calendar-accident year figures are used.

Consequently, within six to nine months after the close of a calendar year, the bureau can review the latest experience on the basis of incurred losses and earned premiums adjusted to the level of existing manual rates to determine whether rate increases or decreases are in order.

The bureau also watches the trend of experience from year to year and, where necessary, introduces factors to project the past experience to the anticipated level of the period for which the revised rates are to be effective. To illustrate, he said, in boiler and machinery a substantial element in rates is the inspection expense. Inspection costs react immediately and directly to inflation. Salaries, traveling and hotel expenses exert their influence. Consequently, it is appropriate to adjust the reported inspection expenses of the past by factors reflecting the increases that have taken place in these elements since the last rate change. Current information on such cost trends can be obtained from outside sources such as trade organizations and government reports. The incurred inspection expenses of the past can be brought to the anticipated level of the future, with the rates revised accordingly.

In general and automobile liability, there is, of course, a time lag. Ordinary calendar year figures reflect changes in loss reserves which may relate to losses incurred many years ago and hence are not a reliable index of current costs. It has been the custom to collect experience on the policy year basis under which all losses under a given policy are related to the year in which that policy was issued. This has been deemed necessary because many liability policies are written at premiums subject to audit, and the exposures and premium on such policies are not known until after expiration. Also, liability losses cannot be settled as promptly so that a substantial portion of incurred losses at any time involves reserves for outstanding losses.

In addition, liability rates are established for basic limits of liability but policies are written for many variations of excess limits, and the ordinary calendar year experience reflects both excess premiums and excess incurred losses.

• • •

To bridge the gap between the period covered by available past experience and the period for which the revised rates are to be used, other sources of information besides policy year experience are necessary, Mr. Leslie pointed out. The most important of these are records of average paid claim costs and claim frequencies which can be maintained on practically a current basis. These figures can be used either to adjust the policy year experience to the level of the latest indications or in event of evidence of a continuing rising trend can be used to project the experience to the midpoint of the period for which the revised rates will be effective.

At present, he illustrated, in states where the bureau has been reviewing automobile liability experience for rate revision purposes, it not only has the detailed policy year data through the policy year of 1955, but claim cost and claim frequency figures, state by state, down to last Dec. 31.

Because of its importance and its susceptibility to inflation, automobile liability has received a great deal of special attention, he observed. To avoid waiting two full calendar years to obtain the complete experience under all policies issued in a given year, the bureau has provided for reporting of experience under specified car policies written during the latest year on an incomplete basis. The experience so reported is adjusted to an antici- ultimate earned-incurred basis by means of factors based on average developments in the experience similarly reported for prior years. However, since this method, though helpful, is not necessarily the best solution to the problem, the study of calendar-accident year rating was undertaken and is proceeding.

Members of the bureau in 1956 suffered an underwriting loss of $59,656,000 on automobile BI and $4,566,000 on auto PDL, for a total of $64,222,000, Mr. Leslie observed. Members of the bureau in addition had an underwriting loss of $13,492,000 on PHD. This brings the total loss on all automobile business to $77,714,000.

For the five calendar years ended with 1956, on BI and PDL combined, members of the bureau lost 7.7% in 1952, gained 1.6% in 1953, gained 5% in 1954, lost .7% in 1955 and lost 7.9% in 1956. This puts them in about the same position as they were in 1952. But the bureau reversed the situation and went into the black in 1953 and 1954. The bureau did this by applying claim cost trend and projection factors to past experience, to develop private passenger rate increases that kept pace with the rising claim costs to the end of 1955. For the years 1953-1955, the reported average claim cost for BI were practically level. For PDL, an upturn was noted in 1955. Largely, therefore, rates in effect in 1956 were rates based on past experience without any provision for the rise in average claim cost that reappeared in 1956, accompanied by a sharp increase in claim frequency.

• • •

The circumstances obviously indicate the need of substantial rate increases in most jurisdictions. Since last December, the bureau already has revised private passenger rates in 24 states with an average combined BI and PDL effect of a 15% increase. Rate revisions in other states are under way. Some of these will reflect trends beyond last Dec. 31.

Mr. Leslie also emphasized the consistently adverse experience on assigned risks. Insurers have had to lose millions of dollars annually on these risks despite additional charges applicable to some of them and a lower acquisition cost. In the policy years 1952-1954 the BI loss ratio has risen from 96.2 to 102.3. The PDL ratio in the same period went from 80.8 to 71.8. Though the volume of assigned risk business is relatively small, it has a proportionately greater effect upon underwriting results. For example, in 1955, National Bureau members had an underwriting loss of slightly more than $5 million for BI and PDL combined—but the underwriting loss on assigned risks alone for these companies amounted to $4,800,000, or nearly the entire amount.

State authorities generally have opposed any program that would impose surcharges on so-called clean risks in AR plans, he observed. This, in spite of the adverse experience that is sustained on such clean risks as a whole. Consequently, the companies abandoned their efforts to get a flat surcharge for all assigned risks and are seeking instead to get approval of increases in the penalty surcharges applicable to risks with bad accident and conviction records.